



# **Draft Report and Recommendations on Nassau County Real Estate**

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April 2003

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## Appendix     Capital Estimates by Advocate Consulting Group

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Supplement I:    Building Evaluations by JB&B, HLW, Ambient

Supplement II:   Detailed Financial Analysis



# I. Executive Summaries

Working together with Nassau County, in July 2002 Insignia/ESG began developing a report and recommendations of real estate strategies for the consolidation of the county government's executive, legislative and administrative functions into five "campuses" - Government Operations, Public Safety, Health & Human Services, Courts, and Jails. These representative strategies primarily focus on directions that can potentially achieve the County's objectives of containing operating costs, improving the employees' work environment, and disposing of surplus assets, among others, by aligning County departments according to its new vertical organizational structure where possible.

While the plans are obviously related to each other, they have been prepared independently since each plan's impact on the others will depend on the specific scenario chosen for implementation by the County within each. At this point, we cannot presuppose what plans, if any, and which scenarios thereof the County will ultimately elect to pursue.

**The financial analyses of the costs of each plan are summarized below. The purpose of each analysis is not to establish a detailed budget in the traditional sense for the projects. Instead, at this initial point in the process, the financial analysis is undertaken to approximate the order of magnitude costs of each strategy and the relative cost differentials between them. Only after a preferred scenario has been selected by the County for each plan, and a specific implementation plan for it defined, can a detailed budget be established.**

To assist it in the development of these strategic plans, Insignia/ESG enlisted the assistance of the following key consultants, at no cost to Nassau County. Each consultant toured the County's main facilities, and provided initial observations as part of the plans. Their findings and initial recommendations are included in the Building Evaluations Report that is included as a supplement to this report.

- Advocate Consulting Group, a project management specialist, coordinated the joint efforts of the project team and provided capital cost estimates of the recommended improvements and/or other required construction for each plan.
- JB&B Consulting Engineers provided mechanical, electrical and plumbing ("MEP") engineering expertise and recommendations to upgrade the base building systems, where necessary, for each building.



- HLW International, a leading architectural firm, provided architectural assessments of each of the County's primary buildings, calculations of each building's estimated usable area (measurements were made from County-supplied plans), and projections on space requirements under each scenario based on projected staffing levels and target employee densities as provided by Nassau County.
- Ambient Group, an environmental engineering firm, did a cursory review to identify suspect areas that could potentially be contaminated by hazardous materials, and the recommended course of action to address each.
- Greenman-Pedersen, Inc., ("GPI") an architectural/engineering firm, reviewed the current parking configurations of the Nassau County Mineola complex, and suggested possible solutions to create additional parking spaces.

## STRATEGIC PLAN FOR GOVERNMENT OPERATIONS CENTER

For the consolidation of the Government Operations Center ("GOC") functions, Insignia/ESG evaluated the following four scenarios on a macro level to provide order-of-magnitude perspective on possible directions that the County could pursue:

- ☐ Base Case: All Government Operations Center functions continue to occupy approximately 591,086 gross square feet in their current locations – the Old Courthouse, One West Street, 240 Old Country Road, 400 County Seat Drive, 100 & 200 County Seat Drive, 160 Old Country Road, and 40 Main Street (in Hempstead). Where applicable, base building systems are upgraded to improve the environmental and operational aspects of the building, and information technology capabilities are upgraded to acceptable standards. However, employee workspaces and furniture are not upgraded. The area parking problem is not addressed.
- ☐ Campus 1A: Consolidate into the Old Courthouse (as renovated) and One West Street; use the former Police Headquarters (assuming it is ultimately vacated pursuant to the Public Safety Consolidation Plan) for all other GOC functions that do not fit into the Old Courthouse and One West. In this scenario, HLW estimates that the County would occupy approximately 419,100 gross square feet. Capital expenditures are included to upgrade the base building systems to improve the environmental and operational aspects of the building, information technology is upgraded to acceptable standards, and employee workspaces are renovated to reflect new County-approved space standards, and new furniture is purchased. An



800-space parking garage is constructed on part of the Police Headquarters parking lot to alleviate the chronic parking shortfall.

- ☐ Campus 1B: Consolidate in the Old Courthouse (as renovated) and One West Street (as expanded). One West must be expanded by 86,000 gross SF to accommodate the additional GOC functions not already located there, for a total occupancy estimated by HLW at 418,100 gross square feet. Capital expenditures are included to upgrade the base building systems to improve the environmental and operational aspects of the building, information technology is upgraded to acceptable standards, and employee workspaces are renovated to reflect new County-approved space standards, and new furniture is purchased. A 977-space parking garage is constructed on part of the Police Headquarters parking lot to alleviate the chronic parking shortfall.
- ☐ Campus 1C: Consolidate into the Old Courthouse (as renovated), and One West Street is demolished and rebuilt to provide 224,000 gross SF. The total area requirement is 408,100 gross square feet as estimated by HLW. Capital expenditures are included to upgrade the base building systems to improve the environmental and operational aspects of the building, information technology is upgraded to acceptable standards, and employee workspaces are renovated to reflect new County-approved space standards, and new furniture is purchased. A 977-space parking garage is constructed on part of the Police Headquarters parking lot to alleviate the chronic parking shortfall.

While this plan focuses on these four scenarios for the Government Operations Center, it is not implied that they are the only possible alternatives for Nassau County. These scenarios have been developed as representative of a range of the potential options available for the County, and the associated issues, costs, and benefits that are relevant for each. There are certainly variations of each scenario that may merit further investigation, for example, using the County Courthouse at 262 Old Country Road as the centerpiece of a GOC consolidation. However, the scenarios presented herein provide enough variability for the County to understand the extent of the renovations that would be required in each case, and to be able to choose a general direction for implementation. Once a specific scenario is selected, further due diligence and evaluation will be required on a manageable number of specific alternatives to determine which could best meet the County's requirements.

The financial analysis of the costs of these four scenarios is summarized below.  
PLEASE NOTE THAT THESE RESULTS ARE THE COSTS ALLOCABLE



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ONLY TO THE GOVERNMENT OPERATIONS CENTER FUNCTIONS. The costs reflected in the analysis include the following as provided by the County: operating expenses, cleaning charges, electricity, real estate taxes (only for leased properties), and debt service associated with the amortization of any bond financing attributable to the GOC-occupied buildings. In the event an operating cost estimate was not provided by the County, or the estimate that was provided was incomplete, Insignia/ESG used an appropriate market estimate. In addition, the costs associated with any new capital investments were included. Occupancy costs attributable to other county functions that may share the same facility are not included in these financial results, but will be included in the relevant consolidation plan for those other functions.

While all relevant operating expenses have been included (as provided by Nassau County), there are other potential recurring benefits that have not been quantified. First, the costs below do not reflect potential cost savings from upgrading the base building mechanical plant. While new, more efficient systems will likely produce operating cost reductions, more detailed study is required to determine the magnitude of the potential benefit. The potential economic benefits of improved employee productivity that could result from improved departmental adjacencies and an improved work environment has also not been quantified.

The following two tables compare the overall financial results of the four consolidation scenarios described above, on both a Total Cost (total dollars expended) basis and Net Present Value (discounted cash flow) basis, over the 2003-2022 (20-year) period.

The first table, *Summary: Total Costs*, compares the net overall scenario costs for the 20-year period on a nominal dollar basis. In the case of Campus 1A and 1B, the total outlays are favorable when compared with the Base Case. Campus 1C exceeds the Base Case by 14%.



## Summary: Total Costs

Occupancy Scenario (\$ million except SF)	Gross SF Required	Total Occupancy Costs <sup>1</sup>	New Capital Costs (as financed) <sup>2</sup>	Total Net Cost <sup>3, 4</sup>
Base Case	591,086	\$ 138.2	\$ 70.3	\$ 208.5
1A: Consolidate into Old Courthouse, One West St., and former Police HQ	419,100	\$ 94.2	\$ 114.5	\$ 208.7
1B: Consolidate into Old Courthouse and Expanded One West St.	418,100	\$ 92.9	\$ 129.6	\$ 222.5
1C: Consolidate into Old Courthouse and New One West St.	408,100	\$ 91.4	\$ 147.2	\$ 238.6

### Notes:

- <sup>1</sup> Total Occupancy Cost is the total projected cash costs of operating expenses, electricity, real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).
- <sup>2</sup> New Capital Costs (as financed) is the fully-amortizing debt service cost (principal + interest) associated with the financing of all new capital costs required to upgrade the facilities. Amount represents the pro rata share allocable to GOC functions. Only the costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital improvements may be financed over 30 years. Assumes all capital investment is financed over appropriate PPU's consistent with Local Finance Law at the following rates: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with the borrowing assumptions of the Multi-Year Financial Plan 2003-2006). Capital estimates by Advocate Consulting are summarized in Section III-D; the detail estimates are provided in the Appendix.
- <sup>3</sup> Total Net Cost is the sum of Total Occupancy Costs and New Capital Costs (as amortized), before application of any disposition proceeds.
- <sup>4</sup> If short-term swing space is not available in existing County-owned buildings, then total costs could increase by \$7.5 to \$10.0 million in each scenario.

These results indicate that, in terms of the total cost outlay, a consolidation of GOC operations would result in a significant occupancy costs savings, largely as a result of the reduction in the overall area needed. The reduced area under Consolidation Scenarios 1A – 1C is attributable to a number of factors: (a) Nassau County's projected headcount reductions as further discussed in Section III-C, (b) reconstruction of the old office spaces and implementation of more efficient space standards, (c) in some cases, expanded or new larger floorplates would be expected to allow more efficient workstation and office configurations, and (d) elimination of duplicate support areas and staff otherwise required in multiple locations. Although substantially more capital would be required to effect a consolidation, the combination of annual occupancy cost savings and the application of net disposition proceeds from asset sales work together to largely offset that requirement.



The second table, *Summary: NPV Costs* on the following page, compares the net overall scenario costs for the 20-year period on a net present value (“NPV”) basis, discounted to January 2003 using a discount rate of 5.5% as directed by Nassau County. From an NPV standpoint, the financial results and conclusions are similar to that of the Total Costs comparison.

### Summary: NPV Costs

Occupancy Scenario (\$ million except SF)	Gross SF Required	NET PRESENT VALUE (at 5.5% Discount Rate)		
		Total Occupancy Costs <sup>1</sup>	New Capital Costs (as financed) <sup>2</sup>	Net Cost <sup>3, 4</sup>
Base Case	591,086	\$ 80.8	\$ 44.0	\$ 124.8
1A: Consolidate into Old Courthouse, One West St., and former Police HQ	419,100	\$ 57.6	\$ 68.3	\$ 125.9
1B: Consolidate into Old Courthouse and Expanded One West St.	418,100	\$ 56.1	\$ 72.2	\$ 128.3
1C: Consolidate into Old Courthouse and New One West St.	408,100	\$ 55.8	\$ 80.1	\$ 135.9

Notes:

<sup>1</sup> Total Occupancy Cost is the total projected cash costs of operating expenses, electricity, real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> New Capital Costs (as financed) is the fully-amortizing debt service cost (principal + interest) associated with the financing of all new capital costs required to upgrade the facilities. Amount represents the pro rata share allocable to GOC functions. Only the costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital improvements may be financed over 30 years. Assumes all capital investment is financed over appropriate PPU's consistent with Local Finance Law at the following rates: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with the borrowing assumptions of the Multi-Year Financial Plan 2003-2006). Capital estimates by Advocate Consulting are summarized in Section III-D; the detail estimates are provided in the Appendix.

<sup>3</sup> Total Net Cost is the sum of Total Occupancy Costs and New Capital Costs (as amortized), before application of any disposition proceeds.

<sup>4</sup> If short-term swing space is not available in existing County-owned buildings, then total costs could increase by \$7.5 to \$10.0 million in each scenario.



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#### INSIGNIA/ESG RECOMMENDATION

Based on the above results, and Nassau County's expressed desire to improve the efficiency and cost effectiveness of its facilities and the employee work environment therein, Insignia/ESG does not believe that the Base Case Scenario is a viable long-term solution for the County.

Instead, Insignia/ESG recommends consolidation of the Government Operations Center functions in the form of one of the three consolidation scenarios (or variations thereof) evaluated within this consolidation plan. Consolidation Scenarios 1A and 1B appear to be the most attractive from a cost standpoint, and are comparable to the Base Case Scenario costs, both in total dollars and net present value. These two scenarios also have the following advantages:

- Because in the significant reduction in space necessary to run the County's operations, savings from operating expense reductions associated with the operation of the GOC functions will provide an estimated \$2 million per year in recurring benefits to the County.
- Although each requires more capital investment than the Base Case, the renovation provides for new mechanical and electrical systems, new furniture, new technology and the implementation of new space standards for more efficient and productive utilization of the facilities.
- Consolidations 1A and 1B allow for continued use of the parking lot adjacent to Police Headquarters and, in fact, include costs for a parking garage required to accommodate the increased parking requirements and remedy current shortfalls.
- Although these plans preclude the disposition of the current Police Headquarters property because of the parking need, this facility would be proximate to the new GOC campus and would therefore provide needed flexibility to address prospective GOC growth.

More study is required, including actual architectural test fits and layouts, to determine if the County will be able to achieve the reduced space requirement initially targeted by HLW.

Consolidation Scenario 1C, while achieving the most efficient operational structure, would be the most expensive alternative because of the extent of new construction. On an NPV basis, it would cost approximately 9% more than the Base Case (14% on a Total Cost basis), and be extremely capital intensive.



## STRATEGIC PLAN FOR PUBLIC SAFETY CENTER

For the consolidation of the Public Safety Center (“PSC”) functions, Insignia/ESG evaluated the following four scenarios on a macro level to provide order-of-magnitude perspective on possible directions that the County could pursue:

- ☐ **Base Case:** All Public Safety Center functions continue to occupy approximately 501,469 gross square feet in their current locations. The current occupancy profile of the PSC functions is listed below. Note that the “PSC Gross SF” represents the estimated area actually occupied by PSC functions at each of the listed locations; the listed area is not necessarily the total building area.

Headquarters Operations and Administration locations <sup>1</sup>	<u>PSC Gross SF</u>	Vehicle Maintenance, Garages and Evidence Storage locations <sup>2</sup>	<u>PSC Gross SF</u>
<u>Current Location</u>		<u>Current Location</u>	
Police Headquarters	167,611	Hangar #7, Bethpage	95,000
Old Courthouse	12,554	Building #113	13,600
A Holly Patterson, 899 Jerusalem	30,575	1255-1275 Newbridge Rd	86,460
Nassau Community College	19,190	970 Brush Hollow Rd	11,245
Police Academy	35,400		
1425 Old Country Road (Bldg G)	3,600		
Nassau University Medical Center	11,200		
St. Brigid's Convent	15,034		
SUBTOTAL	295,164	SUBTOTAL	206,305
		TOTAL	501,469

Notes:

<sup>1</sup> May also include small amounts of storage or garage space.

<sup>2</sup> May also include small amounts of office space.

Where applicable, base building systems are upgraded to improve the environmental and operational aspects of the building, and information technology capabilities are upgraded to acceptable standards. However, employee workspaces and furniture are not upgraded. No changes are made to the garages, vehicle maintenance facilities or evidence storage buildings.

- ☐ **Consolidation 2A:** Consolidate into Grumman #5, and Hangar #7. In this scenario, HLW estimates that the County would occupy approximately 327,255 gross square feet for its headquarters operations, administrative functions, and a new Emergency Operations Center / Emergency Management bunker (further details are provided in the Section IV-C). Fleet and aviation maintenance will remain in the 95,000 gross-square-foot Hangar #7 building nearby, and the



Electronics Squad will back-fill the space vacated there by other County uses. At the County's direction, the Police Academy and several other functions, representing an estimated 56,148 gross square foot requirement, would remain separately located. In total, the combined PSC occupied area in this Consolidation 2A scenario is estimated at approximately 478,400 gross square feet.

Significant capital is included for Grumman #5. Essentially, all existing base building systems will be replaced with new equipment, and the existing interior improvements will be demolished and rebuilt. For the high-bay areas, some space will have structure added to accommodate conversion from a single, high-bay floor to a two-level, typical office floor to make more efficient use of the space. Storage areas will take advantage of the high-bay areas, and will be racked for double or triple height storage, depending on the nature of the property or files to be stored. New technology infrastructure and furniture are brought into the space, and employee workspaces are constructed to new County-approved space standards.

- ☐ Consolidation 2B: Consolidate into leased space in an existing facility ("Leased Headquarters") elsewhere in Nassau County, and retain Hangar #7. In this scenario, HLW estimates that the County would occupy approximately 367,255 gross square feet for its headquarters operations, administrative functions, and a new Emergency Operations Center / Emergency Management bunker (further details are provided in the Section IV-C). Aviation maintenance and some fleet maintenance would remain in the 95,000 gross-square-foot Hangar #7 building, and the Electronics Squad will back-fill the space vacated there by other County uses. However, given the possibility that the leased location might not be proximate enough to Hangar #7 to conveniently accommodate all of the PSC's fleet maintenance needs, we have assumed that a smaller vehicle maintenance shop of approximately 40,000 gross square feet would be constructed at the Leased Headquarters site. At the County's direction, the Police Academy and several other functions, representing an estimated 56,148 gross square foot requirement, would remain separately located. In total, the combined PSC occupied area in this Consolidation 2B scenario is estimated at approximately 518,400 gross square feet.

Significant capital would be required for the Leased Facility. Although it is assumed that the facility would be in good condition and the existing base building systems in excellent working order, Nassau County would be responsible for the interior tenant improvements to build-out its space for occupancy. Storage areas will take advantage of the high-bay areas, and will be racked for double



height storage, depending on the nature of the property or files to be stored. Part of these costs would be offset by an improvement allowance provided by the landlord/owner of the Leased Facility. New technology infrastructure and furniture are brought into the space, and employee workspaces are constructed to new County-approved space standards.

- ❑ Consolidation 2C: Consolidate into a new facility to be constructed to the County's specifications ("Build-to-Suit Facility") on existing County-owned land, such as a portion of the 105 acres at Grumman #3. In this scenario, Like Consolidation 2A, HLW estimates that the County would occupy approximately 327,255 gross square feet for its headquarters operations, administrative functions, and a new Emergency Operations Center / Emergency Management bunker (although eventual detailed design might provide for more efficient space utilization). Fleet and aviation maintenance would remain in the 95,000 gross-square-foot Hangar #7 building nearby (assumes the location will be proximate enough to allow convenient access). At the County's direction, the Police Academy and several other functions, representing an estimated 56,148 gross square foot requirement, would remain separately located. In total, the combined PSC occupied area in this Consolidation 2C scenario is estimated at approximately 478,400 gross square feet.

The capital investment requirement for Consolidation 2C is the most significant of the three consolidation scenarios, as the new facility must be constructed and all new base building systems installed. However, because it would be designed to PSC's unique specifications where appropriate, this option would likely create the most efficient space for the Public Safety Center groups.

While this plan focuses on these four scenarios for the Public Safety Center, it is not implied that they are the only possible alternatives for Nassau County. These scenarios have been developed as representative of a range of the potential options available for the County, and the associated issues, costs, and benefits that are relevant for each. There are certainly variations of each scenario that may merit further investigation, for example, consolidating into Grumman #3 instead of Grumman #5. However, the scenarios presented herein provide enough variability for the County to understand the extent of the renovations that would be required in each case, and to be able to choose a general direction for implementation. Once a specific scenario is selected, further due diligence and evaluation will be required on a manageable number of specific alternatives to determine which could best meet the County's requirements.



It is also important to note that this plan, at this time, does not include approximately 52,405 gross square feet of expansion and/or new requirements requested by the Public Safety vertical (described below). It is expected that, before implementation, these specific requirements will receive further consideration and, irrespective of the scenario selected by the County for implementation, the merits and justifications of each evaluated on a case-by-case basis.

Group	Use	Usable SF	Gross SF
Scientific Investigation Bureau	Crime Lab Expansion	21,500	25,790
Communications Bureau	EOC/EMS Expansion	11,000	13,175
Information Systems Bureau	Dedicated Data Center	4,220	5,065
Narcotics / Vice		2,820	3,385
Electronics Squad	Office and Garage	4,345	4,990
<b>TOTAL</b>		<b>43,885</b>	<b>52,405</b>

The following two tables compare the overall financial results of these four scenarios, on both a Total Cost (total dollars expended) basis and Net Present Value (Discounted Cash Flow) basis, over the 2003-2022 (20-year) period.

The financial analysis of the costs of these four scenarios is summarized below. PLEASE NOTE THAT THESE RESULTS ARE THE COSTS ALLOCABLE ONLY TO THE PUBLIC SAFETY CENTER FUNCTIONS. The costs reflected in the analysis include the following as provided by the County: operating expenses, cleaning charges, electricity, real estate taxes (only for leased properties), and debt service associated with the amortization of any bond financing attributable to the PSC-occupied buildings. In the event an operating cost estimate was not provided by the County, or the estimate that was provided was incomplete, Insignia/ESG used an appropriate market estimate. In addition, the costs associated with any new capital investments was included. Occupancy costs attributable to other county functions that may share the same facility are not included in these financial results, but will be included in the relevant consolidation plan for those other functions.

While we have strived to include all relevant operating expenses (as provided by Nassau County), there are other potential recurring benefits that have not been quantified. First, the costs below for the Base Case Scenario do not reflect potential cost savings from upgrading the base building mechanical plant at the current Police Headquarters. While new, more efficient systems will likely produce operating cost reductions, more detailed study is required to determine the magnitude of the potential benefit. The potential economic benefits of improved employee productivity that could result from improved departmental adjacencies and an improved work environment has also not been quantified.



The first table, *Summary: Total Costs*, compares the net overall scenario costs for the 20-year period on a nominal dollar basis.

### Summary: Total Costs

Occupancy Scenario (\$ million except SF)	Gross SF Required	Total Occupancy Costs <sup>1</sup>	New Capital Costs (as financed) <sup>2</sup>	Total Net Cost <sup>3</sup>
Base Case	501,469	\$ 103.2	\$ 28.1	\$ 131.3
2A: Consolidate at Grumman #5	478,403	\$ 103.9	\$ 112.3	\$ 216.2
2B: Consolidate at Leased Facility	518,403	\$ 234.3	\$ 46.0	\$ 280.3
2C: Consolidate at Build-to-Suit Facility	478,403	\$ 103.6	\$ 133.7	\$ 237.3

#### Notes:

<sup>1</sup> Total Occupancy Cost is the total projected cash costs of operating expenses, electricity, real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> New Capital Costs (as financed) is the fully-amortizing debt service cost (principal + interest) associated with the financing of all new capital costs required to upgrade the facilities. Amount represents the pro rata share allocable to PSC functions. Only the costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital improvements may be financed over 30 years. Assumes all capital investment is financed over appropriate PPU's consistent with Local Finance Law at the following rates: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with the borrowing assumptions of the Multi-Year Financial Plan 2003-2006). Capital estimates by Advocate Consulting are summarized in Section IV-D; detail estimates are provided in the Appendix.

<sup>3</sup> Total Net Cost is the sum of Total Occupancy Costs and New Capital Costs (as amortized), before application of any disposition proceeds.

These initial results indicate that the Base Case, while it is the least attractive from an operational standpoint, might have the lowest occupancy costs given that significant capital requirements would be incurred at only one building – the Police Headquarters building at 1490 Franklin Avenue. It should be noted, however, that these costs do not reflect any of the costs of alleviating the existing parking issues at the Old Courthouse/One West Street/Police Headquarters location. If a Government Operation Center (“GOC”) consolidation scenario is implemented as discussed in the Government Operations Center Strategic Plan, a parking deck will be necessary on the current Police Headquarters parking lot. Assuming that a proportionate share of these costs would be shared between the Government Operations and Public Safety verticals should the Police elect to remain at the current Police Headquarters building, the Base Case costs would rise significantly (for purposes of the plan, all parking costs were allocated to the GOC consolidation scenarios).



The second table, *Summary: NPV Costs*, compares the net overall scenario costs for the 20-year period on a net present value (“NPV”) basis, discounted to January 2003 using a discount rate of 5.5% as directed by Nassau County. From an NPV standpoint, the financial results and conclusions are similar to that of the Total Costs comparison.

### Summary: NPV Costs

Occupancy Scenario (\$ million except SF)	Gross SF Required	NET PRESENT VALUE (at 5.5% Discount Rate)		
		Total Occupancy Costs <sup>1</sup>	New Capital Costs (as financed) <sup>2</sup>	Net Cost <sup>3</sup>
Base Case	501,469	\$ 65.0	\$ 17.1	\$ 82.1
2A: Consolidate at Grumman #5	478,403	\$ 64.5	\$ 61.9	\$ 126.4
2B: Consolidate at Leased Facility	518,403	\$ 140.4	\$ 25.1	\$ 165.5
2C: Consolidate at Build-to-Suit Facility	478,403	\$ 64.2	\$ 73.3	\$ 137.5

#### Notes:

<sup>1</sup> Total Occupancy Cost is the total projected cash costs of operating expenses, electricity, real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> New Capital Costs (as financed) is the fully-amortizing debt service cost (principal + interest) associated with the financing of all new capital costs required to upgrade the facilities. Amount represents the pro rata share allocable to PSC functions. Only the costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital improvements may be financed over 30 years. Assumes all capital investment is financed over appropriate PPU's consistent with Local Finance Law at the following rates: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with the borrowing assumptions of the Multi-Year Financial Plan 2003-2006). Capital estimates by Advocate Consulting are summarized in Section IV-D; detail estimates are provided in the Appendix.

<sup>3</sup> Total Net Cost is the sum of Total Occupancy Costs and New Capital Costs (as amortized), before application of any disposition proceeds.

#### INSIGNIA/ESG RECOMMENDATION

Based on the above results, and Nassau County's expressed desire to improve the efficiency and cost effectiveness of its facilities and the employee work environment therein, Insignia/ESG does not believe that the Base Case Scenario is a viable long-term solution for the County. Although spending capital to improve the base building systems of the Police Headquarters would extend its operational life, it would not make it a more productive, viable platform for the County's public safety operations without a complete interior renovation. The headquarters operations would still be spread around the County in multiple locations. The Base Case scenario does not



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achieve the County's stated objectives, and it further compromises future flexibility for the Mineola campus and the Government Operations Center.

Instead, Insignia/ESG recommends consolidation of the Public Safety Center functions as described in Consolidation 2A, at Grumman #5. This scenario has the following advantages:

- Although it requires more capital investment than the Base Case, the renovation provides for new mechanical and electrical systems, new furniture, new technology and the implementation of new space standards that will, overall, result in a more efficient and productive facility, both in terms of space and operations.
- Because of the excess space available at Grumman #5, Nassau County would have the ability to manage the PSC's future growth, at minimal cost. Excess space could be leased out to third-parties over staggered lease terms. Even if the space was left vacant, the carrying costs would be minimal if "mothballed" until needed.
- The implementation of Consolidation 2A would provide flexibility at the Mineola campus for the Government Operations Center requirements, specifically the ability to address the chronic parking problems or to dispose of the Police Headquarters and apply the net proceeds against capital requirements elsewhere.
- Consolidation at Grumman #5 would allow the continued utilization of Hangar #7 for vehicle maintenance, and preclude the requirement to build an expensive, separate facility as would be necessary if the consolidation was done in a less proximate location.
- Consolidation at Grumman #5 would allow the disposition of multiple Police facilities, the proceeds from which could be used to fund part of the capital costs otherwise assumed to be borne by Nassau County.

More study is required, including actual architectural test fits and layouts, to determine if the County will be able to achieve the reduced space requirement initially targeted by HLW. Also, a decision must be made on whether to allow the additional needs as expressed by the PSC functions before space programming efforts begin, to maximize the space design and minimize the costs associated with construction change orders.

Consolidation 2C, while possibly the best solution from a pure design and operations standpoint, would be the most expensive alternative because of the new construction costs.



## STRATEGIC PLAN FOR HEALTH & HUMAN SERVICES CENTER

For the consolidation of the HHS functions, Insignia/ESG evaluated the following four scenarios on a macro level to provide order-of-magnitude perspective on possible directions that the County could pursue:

- ☐ Base Case: All Health & Human Service Center functions continue to occupy approximately 470,838 gross square feet in their current locations – primarily the Social Services Building, 240 Old Country Road, the Old Courthouse, 1425 Old Country Road (Plainview) and 40 Main Street (Hempstead). Where applicable, base building systems are upgraded to improve the environmental and operational aspects of the building, and information technology capabilities are upgraded to acceptable standards. However, employee workspaces and furniture are not upgraded. The area parking problem is not addressed.
- ☐ Campus 3A: Consolidate into leased space in an existing facility elsewhere in Nassau County. In this scenario, HLW estimates that HHS would occupy approximately 304,200 gross square feet for its Intake and Administrative functions (further details are provided in the Consolidation Scenarios section of Section V-C).

Significant capital could be required for the leased facility. Although it is assumed that the facility would be in good condition and the existing base building systems in excellent working order, Nassau County would be responsible for the interior tenant improvements to build-out its space for occupancy (although it might be able to use some existing installation, our estimates assume a complete interior reconstruction). Part of these costs would be offset by an improvement allowance provided by the landlord/owner. New technology infrastructure and furniture are brought into the space, and employee workspaces are constructed to new County-approved space standards.

- ☐ Campus 3B: Consolidate into a new facility to be constructed to the County's specifications ("Build-to-Suit Facility") on existing County-owned land, such as a portion of the 105 acres in Bethpage. In this scenario, Like Campus 3A, HLW estimates that the County would occupy approximately 304,200 gross square feet for its Intake and Administrative functions.

The capital investment requirement for Campus 3B is the most significant of the three consolidation scenarios, as the new facility must be constructed and all new base building systems installed. However, this option would likely create the most



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efficient space for the Health & Human Services groups, allowing it to be designed to their unique specifications where appropriate.

- ☐ Campus 3C: Consolidate Intake into a Leased Facility, and Administrative and Flex functions into an existing County-owned building. In this scenario, HLW estimates that the County would require approximately 142,600 gross square feet for its Intake operations, and approximately 167,600 gross square feet for the combined Administrative (127,000 GSF) and Flex (40,600 GSF) functions. In total, the combined HHS occupied area in this Campus 3C scenario is estimated at approximately 310,200 gross square feet.

While this plan focuses on these four scenarios for the Health & Human Services Center, it is not implied that they are the only possible alternatives for Nassau County. These scenarios have been developed as representative of a range of the potential options available for the County, and the associated issues, costs, and benefits that are relevant for each. There are certainly variations of each scenario that may merit further investigation. However, the scenarios presented herein provide enough variability for the County to understand the extent of the renovations that would be required in each case, and to be able to choose a general direction for implementation. Once a specific scenario is selected, further due diligence and evaluation will be required on a manageable number of specific alternatives to determine which could best meet the County's requirements.

The following three tables compare the overall financial results of these four scenarios over the 2003-2022 (20-year) analysis period on the following basis:

- Estimated Total Capital Costs
- Total Cost (total dollars expended)
- Net Present Value (Discounted Cash Flow)

PLEASE NOTE THAT THESE RESULTS ARE THE COSTS ALLOCABLE ONLY TO THE HEALTH & HUMAN SERVICE CENTER FUNCTIONS. The costs reflected in the analysis include the following as provided by the County: operating expenses, cleaning charges, electricity, real estate taxes (only for leased properties), and debt service associated with the amortization of any bond financing attributable to the HHS-occupied buildings. In the event an operating cost estimate was not provided by the County, or the estimate that was provided was incomplete, Insignia/ESG used an appropriate market estimate. In addition, the costs associated with any new capital investments was included. Occupancy costs attributable to other county functions that may share the same facility are not included in these financial results, but will be included in the relevant consolidation plan for those functions.

### Estimated Capital Costs

Occupancy Scenario (\$ million)	Gross SF	2003	2004	2005	2006	<u>Total (as escalated)</u> (\$ Million) (\$/SF)		Total (2003 \$)
Base Case	470,838	\$23.3	\$24.0	---	---	\$47.3	\$100.39	\$46.6
3A: Consolidate in Leased Facility <sup>1</sup>	304,200	\$6.4	\$33.4	---	---	\$39.8	\$130.78	\$38.8
3B: Consolidate in Build-to-Suit Facility on County-Owned Land	304,200	\$16.6	\$63.6	\$18.297	---	\$98.5	\$323.83	\$95.6
3C: Split Operations:								
- Intake (Leased Facility) <sup>1</sup>	142,600	---	\$ 14.8	\$ 0.3	---	\$ 15.1	\$ 104.24	\$ 14.6
- Admin/Flex (Owned)	<u>167,600</u>	<u>\$ 5.2</u>	<u>\$ 28.4</u>	<u>\$ 0.0</u>	---	<u>\$ 33.6</u>	<u>\$ 200.60</u>	<u>\$ 32.8</u>
	310,200	\$ 5.2	\$ 43.2	\$ 0.3		\$ 48.7	\$ 156.31	\$ 47.4

<sup>1</sup> In leased facilities, Estimated Capital Costs are net of estimated work allowances, if any, that might be offered by landlords as part of a market-based concession package. For 3A, free rent is assumed in lieu of a work allowance. For 3C, the Intake capital is net of an estimated work allowance of \$25.00 per SF.



## Summary: Total Costs (2003-2022)

Occupancy Scenario (\$ million)	Gross SF	Occupancy Costs <sup>1</sup>	Capital Costs <sup>2</sup>	Interest Expense <sup>3</sup>	2003-2022 Gross Cost	Less: Reimburs <sup>4</sup>	2003-2022 Net Cost <sup>5</sup>
Base Case	470,838	\$ 119.2	\$ 47.3	\$ 23.7	\$ 190.2	(\$ 66.6)	\$ 123.9
3A: Consolidate in Leased Facility	304,200	\$ 201.5	\$ 39.8	\$ 24.8	\$ 266.1	(\$ 89.3)	\$ 176.8
3B: Consolidate in Build-to- Suit Facility on County- Owned Land	304,200	\$ 67.6	\$ 98.5	\$ 35.1	\$ 201.2	(\$ 66.4)	\$ 134.8
3C: Split Operations: Intake in Leased Facility, Admin/Flex in Owned	310,200	\$ 156.0	\$ 48.7	\$ 26.8	\$ 231.5	(\$ 81.9)	\$ 149.6

<sup>1</sup> "Occupancy Costs" are the total projected cash costs of operating expenses, electricity/utilities, base rent and real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> "Capital Cost" are the Capital Estimates shown on in Section V-D, as escalated to the year of expenditure at 3% per year and net of any estimated landlord work allowances in the case of a lease. Amount represents the pro rata share allocable to HHS functions.

<sup>3</sup> Assumes all capital investment required to up grade the facilities is financed over appropriate PPU's consistent with Local Finance Law. "Interest Expense" is the aggregate finance charge associated with this financing. NOTE: This expense will be mitigated to the extent the capital is funded with County funds, rather than outside debt. Only the interest costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital may be financed over 30 years. The following rates were assumed: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with borrowing assumptions of the Multi-Year Financial Plan 2003-2006). The detailed capital estimates by Advocate Consulting are provided in the Appendix.

<sup>4</sup> "Reimburs" is an estimate of the portion of the expenses to be reimbursed from various Federal and State HHS programs, based on the following percentages of the Gross Costs less the Interest Expenses (which do not qualify for reimbursement according to HHS): Base Case – 40%; 3A – 37%; 3B – 40%; 3C – 40%. Percentages were determined in consultation with HHS, and are unique to the area and cost assumptions made herein.

<sup>5</sup> "2003-2022 Net Cost" is the sum of 2003-2022 Gross Cost as reduced by the Reimbursable amounts.

## Summary: NPV Costs (2003-2022)

Occupancy Scenario (\$ million except SF)	Gross SF	NET PRESENT VALUE (to Jan 2003, using a 5.5% Discount Rate)			
		Occupancy Costs <sup>1</sup>	Amortized Capital <sup>2</sup>	2003-2022 Gross Cost	Less: Reimburs <sup>3</sup>
Base Case	470,838	\$ 69.2	\$ 44.4	\$ 113.6	TBD
3A: Consolidate in Leased Facility	304,200	\$ 116.1	\$ 35.9	\$ 152.0	TBD
3B: Consolidate in Build-to- Suit Facility on County- Owned Land	304,200	\$ 41.2	\$ 73.4	\$ 114.6	TBD
3C: Split Operations: Intake in Leased Facility, Admin/Flex in Owned	310,200	\$ 89.3	\$ 42.3	\$ 131.6	TBD



<sup>1</sup> "Occupancy Costs" are the total projected cash costs of operating expenses, electricity/utilities, base rent and real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> "Amortized Capital Cost" is the fully-amortizing debt service cost (principal and interest) associated with the financing of all new capital costs required to upgrade the facilities. Amount represents the pro rata share allocable to HHS functions. Only the costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital improvements may be financed over 30 years. Assumes all capital investment is financed over appropriate PPU's consistent with Local Finance Law at the following rates: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with the borrowing assumptions of the Multi-Year Financial Plan 2003-2006). The detailed capital estimates by Advocate Consulting are provided in the Appendix.

<sup>3</sup> "Reimburs" is an estimate of the portion of the expenses to be reimbursed from various Federal and State HHS programs.

While we strived to include all relevant operating expenses (as provided by Nassau County), there are other potential recurring benefits that have not been quantified. First, the costs below for the Base Case Scenario do not reflect potential cost savings from upgrading the base building mechanical plant at the Social Services Building, 240 Old Country Road and the Old Courthouse. While new, more efficient systems will likely produce operating cost reductions, more detailed study is required to determine the magnitude of the potential benefit. The potential economic benefits of improved employee productivity that could result from improved departmental adjacencies and an improved work environment has also not been quantified for any of the four scenarios.

#### INSIGNIA/ESG RECOMMENDATION

Based on the above results, and Nassau County's expressed desire to improve the efficiency and cost effectiveness of its facilities and the employee work environment therein, Insignia/ESG does not believe that the Base Case Scenario is a viable long-term solution for the County. Although spending capital to improve the base building systems of the Social Services Building would extend its operational life, it would not make it a more productive, viable platform for implementation of the County's "no wrong door" concept.

Instead, Insignia/ESG recommends consolidation of the Health & Human Services functions as described in Consolidation 3C, even though this step involves two facilities. This scenario has the following advantages:

- A new Intake facility can be leased and designed in a manner that facilitates implementation of the "no wrong door" concept for the dispensation of social services. Assuming that acceptable market alternatives exist that meet the County's decision criteria (location, public access, community acceptance, continuity of service, etc.), the interior design and construction of the selected alternative can be accomplished without disrupting existing operations at the Social Services Building and other affected locations. An efficient technology



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infrastructure will allow better communication and data access for the benefit of both clients and County employees.

- The Administrative/Flex facility, to be located in a County-owned building (possibly the Police Headquarters building) in Mineola, will provide a lower-cost platform for many of the administrative functions. In spite of the capital costs required to upgrade and renovate the building and its systems, consolidation of these functions will also likely improve efficiency and processing.
- Even though Campus 3B appears to be slightly less costly overall; there is an important distinction that should be noted. This scenario assumed that an HHS building would be built on existing County-owned land, thereby excluding the purchase cost of any new property. The only County-owned land large enough to accommodate such a facility is likely the 105 acres and Building #3 in Bethpage. Beyond the fact that this site does not meet most of HHS's critical locational criteria (as described in Section V-C), using this site for HHS would mean forgoing its potential disposition value. This "lost opportunity" should therefore be included as a cost of the project. Similarly, if Campus 3C is selected, the Building #3 site could be considered surplus, and the disposition proceeds used to offset the cost otherwise shown above for Campus 3C.

More study is required, including actual architectural test fits and layouts, to determine if the County will be able to achieve the reduced space requirement initially targeted by HLW in both situations, especially given the hoteling component. To the extent it is needed, Nassau County will have the flexibility to maximize the Federal and State reimbursements received by managing the occupancy profile of each of the two facilities by allocating the Flex functions between the Administrative and Intake locations.



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## II. Introduction & Background

In July 2002, Nassau County retained Insignia/ESG to provide planning and assistance to the Department of Real Estate Planning and Development as it pursued its goals of consolidating the county's diverse operations into five "campuses" with the objectives of improving the employee work environment, identifying more operationally efficient and cost effective facilities, maximizing the value of surplus owned assets, returning surplus property to the tax rolls, and minimizing and/or eliminating the expenses associated with leased properties that are no longer necessary for the County's operations. The ultimate goals of these actions are to outline a "roadmap" to direct the County's facility acquisition and disposition process, and to create a mechanism largely self-funded by using property dispositions and operational cost savings. Insignia/ESG was hired by the County to provide objective advice and professional services with regard to the development of these strategic consolidation plans.

This planning effort focused on Nassau County's strategic assets ("Primary Properties"), which represent the County's largest and most valuable real estate holdings. This focus has the potential to create the greatest value for Nassau County in the near term, and operational efficiencies for the long term. With the County's assistance, we identified and jointly developed appropriate strategies on a macro level, for their continued use or disposition, and representative timeframes for the real estate consolidation scenarios associated with them. It is expected that this plan would produce achievable results in the near term and show continued progress and cost savings over time.

Strategic Consolidation Plans have been completed for Government Operations, Police & Public Safety, and Health & Human Resources. After review, it was clear that these three areas held the greatest potential for consolidation. Plans for each of these three major consolidations were prepared separately, since one plan's impact on the others may or may not be significant depending on the scenarios selected for implementation within each. Our initial review, and discussions with Nassau County, also indicated that the Jails and Courts areas should be evaluated differently, and a summary of possibilities for these two areas is provided.



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This “situation analysis” phase of Insignia/ESG’s methodology is intended to inform Nassau County of the financial, operational and qualitative consequences associated with pursuing various possible occupancy strategies for its Primary Properties, with the ultimate objective of determining whether any of the consolidation scenarios could be justified on cost and operational benefits. The scope of this plan is very “macro” in nature, given Nassau County’s request for an expedited schedule.

The development of a thorough understanding of the current condition of the building systems of Nassau County’s owned and leased buildings as summarized below was critical to understanding not only the costs of continued occupancy, but also potential disposition value. To assist it in the development of this strategic plan, Insignia/ESG enlisted the assistance of the following key consultants, at no cost to Nassau County. Each consultant toured the County’s current primary facilities, and provided initial observations as part of this plan. This team worked closely throughout to coordinate their efforts on a “fast-track” schedule. Their findings and initial recommendations are included in the Building Evaluations Report included as a supplement to this consolidation plan.

*Advocate Consulting Group* – Advocate specializes in real estate construction and project management consulting, including the type of up-front due diligence services required to investigate the condition of all major building infrastructure elements of the Primary Properties. As part of this team, Advocate’s role is to provide the project management expertise in coordinating the efforts of the other consultants, including architects, mechanical and electrical engineers, and environmental engineers, and to estimate (on a macro level) the cost of capital improvements that would be required to upgrade, improve and/or build-out the properties for Nassau County’s occupation based on the building evaluation reports prepared by these other team members.

*HLW International LLP* – High-quality architectural services are critical during this planning phase. HLW is an 116-year-old firm that provides comprehensive architecture, engineering, interior design, planning and consulting services for projects throughout the world. HLW also supports client needs with design/build, facilities management and strategic facilities planning services. Some of the up-front architectural services that HLW provided for this initial phase of the planning effort are: architectural evaluation of the Nassau County buildings, initial (macro-level) space programming, strategic planning and workplace strategies, space standards development, and scheduling. They have been instrumental in determining, with Nassau County’s input, the space requirements for the Base Case and Consolidation



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scenarios, as well as the coordination of the Building Evaluations Report. All area calculations are based on HLW measurements and/or projections. If scaled building floor plans were not available to HLW, previous measurements provided by the Department of Public Works were used.

*JB&B Consulting Engineers* – JB&B is a full-service mechanical and electrical consulting engineering firm, and provides all analytical and design requirements for any size commercial or institutional projects. For this project, JB&B provided its mechanical, electrical and plumbing (“MEP”) engineering expertise to evaluate the base building systems of the County’s current facilities, and made recommendations on what upgrades, where necessary, should be undertaken for each building.

*Ambient Group, Inc.* -- an environmental engineering firm, did a cursory review to identify suspect areas that could potentially be contaminated by hazardous materials, and the recommended course of action to address each.

*Greenman-Pedersen, Inc.* – GPI is an architectural/engineering firm based in Babylon, and acted as the parking consultant for this project. GPI reviewed the current parking configurations of the Nassau County Mineola complex, and suggested possible solutions to create additional parking spaces for each scenario.

This architectural and engineering analysis provided by this team and consolidated in the Building Evaluations Report involves a study of the entire physical properties as well as a review of the architectural and engineering drawings, if such were available and provided by Nassau County. Studied were the specifications and condition of the following areas:

- HVAC and plumbing systems
- Life safety systems
- Interior finishes
- Exterior façade
- Code compliance
- Elevators
- Electrical systems
- Integrity of power sources
- Building automation systems
- Presence of hazardous materials / documentation of abatement
- Adequacy of current parking for employees and visitors



### III. Government Operations Center

#### A. Current Situation – Government Operations Center Facilities

The Government Operation Center properties, which are predominantly centralized around the County seat in Mineola, are presently comprised of seven owned and one leased properties. Most of Nassau County’s executive, legislative and administrative functions are currently housed in these main facilities described below, occupying approximately 591,086 gross square feet. A brief discussion follows each building; a more extensive overview of existing conditions for each can be found in the initial, macro-level architectural, mechanical and environmental evaluations (the “Building Evaluations Report”) completed by HLW, JB&B, Ambient Group, and GPI whose collective report is included as a supplement to this Strategic Consolidation Plan.

##### Old Courthouse, 1550 Franklin Ave., Mineola

Area - Gross SF	134,984 square feet.	OWNED
Area - Usable SF	73,888 square feet.	
GOC Users (% of space)	Information Technology	27.0%
	Dept. of General Services	23.5%
	Dept. of Public Works	22.4%
	Total	72.9%
Other Users (% of space)	Health & Human Services	12.8%
	Police Department	9.3%
	Other Offices	5.0%



The Old Courthouse, a local landmark, is presently in the initial stage of a historical renovation to restore its original 1900 design as supplemented by wing additions in 1916. The first phase, the restoration of the building’s dome, has recently been completed and the building re-dedicated as the Theodore Roosevelt Executive & Legislative Building. Future restoration plans, when they proceed, call for the removal of additions that were made over time to the original structure. If renovated as is contemplated, the facility’s size will be reduced to approximately 86,000 gross square feet. Overall, this restoration and refurbishment is long overdue after years of deferred maintenance and neglect.



The major facilities upgrades required for the County's long-term use as described in Building Evaluations Report are summarized below:

- A new 400-ton HVAC plant is recommended to improve climate control.
- The building requires many cosmetic and building code upgrades as well as numerous system updates including fire alarm, branch circuit distribution, and egress lighting.
- The building should be fully sprinklered.
- Provide ADA toilets, electric water coolers, new fixtures and mixing valves on the hot water heater outlets.

### 1 West Street, Mineola

Area – Gross SF	147,851 square feet.	OWNED
Area – Usable SF	114,361 square feet.	
GOC Users (% of space)	County Executive & Staff	7.4%
	County Legislature & Staff	27.4%
	County Attorney	22.3%
	Dept. of Public Works	14.3%
	Dept. of General Services	11.7%
	OMB	5.5%
	Assessment Review Comm	4.4%
	HR	1.6%
	Public Policy & Comm.	2.7%
	<u>Other Offices</u>	<u>2.7%</u>
	Total	100.0%



Built in 1960, 1 West Street is the current location of the Office of the County Executive and the County Legislature, along with the County Attorney. In that respect, it is currently the center of the County's government operations. The building itself, however, is a narrow, rectangular building that is not efficient from a space utilization standpoint.

The major facilities upgrades required for the County's long-term use as described in Building Evaluations Report are summarized below:

- A new 450-ton HVAC system required to improve climate control.



- New electrical work should be provided from switchgear through branch distribution. New life safety systems are required.
- The building should be fully sprinklered.
- Provide ADA toilets, electric water coolers, new fixtures and mixing valves on the hot water heater outlets.
- Remove the Police Headquarters ejector discharge from the building.
- Install reduced pressure backflow preventers on water service.

### 240 Old Country Road, Mineola

Area – Gross SF	217,233 square feet.	OWNED
Area – Usable SF	192,785 square feet.	
GOC Users (% of space)	County Clerk	25.8%
	Dept. of Assessment	15.7%
	Treasurer	14.3%
	Comptroller	10.7%
	DGS/ Purchasing	4.4%
	Total	70.9%
Other Users (% of space)	Sheriff's Department	2.8%
	Mental Health	3.5%
	Dept. of Health	22.8%



240 Old Country Road, a six-story building that was constructed in 1960, is one of the most traditional office buildings the County occupies. It is positioned in an excellent location on Old Country Road, and therefore could potentially be a valuable disposition candidate depending on whether it is required as part of any other consolidation plan. It shares a parking lot with 400 County Seat Drive

The major facilities upgrades required for the County's long-term use as described in Building Evaluations Report are summarized below:

- The air handlers, chillers, pumps, and cooling towers are in need of a complete overhaul and/or replacement
- The electric system is adequate for the current use but will require replacement for a new program
- Fully sprinkler the building



- Provide ADA toilets, electric water coolers, new fixtures and mixing valves on the hot water heater outlets

### 400 County Seat Drive, Mineola

Area – Gross SF	144,052 square feet.	OWNED
Area – Usable SF	128,983 square feet.	
GOC Users (% of space)	Economic Development	12.1%
	Board of Elections (staff)	13.9%
	Board of Elections (storage)	38.7%
	Property Management	4.7%
	CSEA	3.4%
	Other Offices	1.7%
	Total	74.5%
Other Users (% of space)	Matrimonial Court	25.5%



A multi-use building constructed in 1950, 400 County Seat Drive is most identified as the location of Matrimonial Court. The Board of Elections is the largest occupant, using a significant portion of the building as a storage location for the County's voting machines. Given the building's location, voting machine storage is not its optimal use. However, varied and small column grids throughout the building limit its suitability for offices according to HLW.

The major facilities upgrades required for the County's long-term use as described in Building Evaluations Report are summarized below:

- For conversion to an office use, a new 350 ton HVAC system is required.
- The boiler is 42 years old and will require replacement or overhaul.
- An office conversion will require all new electrical work from the main panel.
- New life safety systems are required.
- Fully sprinkler the building.
- Provide ADA toilets, electric water coolers, new fixtures and mixing valves on the hot water heater outlets. The number of toilets should also be increased for full office use.



## 100 County Seat Drive, Mineola

Area – Gross SF	27,626 square feet.	OWNED
GOC Users (% of space)	Dept. of Public Works (garage)	77.9%
	OHIA – Section 8	14.7%
	<u>Security</u>	<u>7.4%</u>
	Total	100.0%



100 County Seat Drive is currently used primarily by DPW as a garage and maintenance facility. It does have a small office component. This 1950's construction has minimally finished interiors. According to HLW, it would not be effective to adapt it to an all-office use.

## 200 County Seat Drive, Mineola

Area – Gross SF	21,100 square feet.	OWNED
GOC Users (% of space)	Dept. of Public Works (shops)	75.9%
	Dept. of Public Works (admin)	24.1%
	Total	100.0%



200 County Seat Drive is also used by DPW for building maintenance, specialty shops and administrative offices. Both sites are under-utilized, and do not represent their highest-and-best use considering their proximity to the Village of Garden City.

The major facilities upgrades required for the County's continued long-term use as described in the Building Evaluations Report are summarized below:

- For conversion to an all-office use, a new 65 ton HVAC system is recommended for each building.
- Any new use will require replacement of the electrical and life safety systems.
- Fully sprinkler the building.
- Install new ADA fixtures and mixing valves on the hot water heater outlet.



## 40 Main Street, Hempstead

Area – Rentable SF	67,115 square feet.	LEASED
Area – Gross SF	59,499 square feet.	
Lease Expiration	June 28, 2024	21.8 years remain.
Landlord	Commitment to Hempstead, Inc.	
GOC Users (% of space)	Civil Service Commission	37.9%
Other Users (% of space)	Drug & Alcohol	36.4%
	Youth Board	16.2%
	Vacant	9.5%



Renovated in 1999 and leased to the County for a 25 year term, 40 Main Street is a three-story building with new building systems in good working order. The building complies with ADA. The County may purchase the building at the end of its lease term for \$1.00.

According to HLW, no major facilities upgrades are required for the County's continued long-term use.

## 160 Old Country Road, Mineola

Area – Gross SF	18,393 square feet.	OWNED
GOC Users (% of space)	Consumer Affairs	50%
Other Users (% of space)	Human Rights	50%



160 Old Country Road was not toured by the project team. The County has contemplate selling the building in the near future, pending results of the consolidation plans.



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## B. Operational & Qualitative Issues

Following are some of the major operational and qualitative issues that were identified or raised during the course of our analysis period. Most of these issues are related to the physical condition of the Government Operations facilities, and should be part of all Nassau County decisions on how to manage its facilities prospectively irrespective of whether it elects to continue to operate as-is or to consolidate into a redefined Government Operations Center campus.

Advocate Consulting, HLW, JB&B, and Ambient toured these facilities with Insignia/ESG and Nassau County Department of Real Estate Planning and Development representatives as part of an initial due diligence during the first 30 days of this strategic planning effort. Given the timeframe to complete this plan, such tours were necessarily macro in scope. The intent of the tours was to identify only the major operational or physical problem areas that would have a direct impact on the cost and viability of each building's continued use and operation within the context of each occupancy scenario.

While a comprehensive list of upgrades and renovations has been recommended by the engineers and architect in the Building Evaluations Report to address the most significant building issues (and therefore the most costly to remedy) in each facility, there are potentially additional issues that would be identified by a more exhaustive review. Once a specific course of action is agreed upon, Nassau County should authorize a more thorough due diligence for each building to provide a more comprehensive compilation of existing building conditions and allow more detailed cost estimates to be developed.

The major issues are described below. The remedy, and the costs thereof, vary by scenario and are described for each in Section III-D.

- **Parking** – The availability of parking has been expressed by Nassau County as one of the most challenging problems of its Mineola campus. In addition to the Government Operations Center, parking shortfalls also affect the current operations of Police Headquarters, the Courts, and the Social Services Building.

For the current Government Operations Center facilities, the average parking density is a low 2.7 spaces per 1,000 SF (2.9 spaces per 1,000 SF when street parking is included), forcing employees and visitors to often park blocks from



their intended locations. Surface parking lots adjacent to the buildings present availability ranges from 0.82 spaces per 1,000 SF at 240 Old Country Road to 4.0 spaces per 1,000 SF at 400 County Seat Drive. For comparison, current market expectations are for 4.0 spaces per 1,000 SF for typical office uses. In some instances, street parking is also utilized by employees and visitors. Government Operations Center employees not only park at their respective buildings, but also in the Police Headquarters lot when available. Addressing this chronic parking problem was an objective stated by Nassau County.

- **Building Systems** – The building systems of the current Government Operations facilities, as pointed out in the accompanying Building Evaluations Report and summarized in Section III-A, require significant upgrades to bring the facilities and equipment infrastructure up to acceptable performance levels, improve operating efficiency, and to ensure long-term performance. While many of the systems are in working order today, their age and past deferred maintenance are bound to take their toll. Efficient building systems are also important to improve the employee work environment. In several cases, HVAC is inadequate or limited to window units. By upgrading to a central building system, improved distribution and air quality can be realized for the benefit of all occupants.
- **Information Technology** – The County Executive has expressed a desire to upgrade the County's information technology infrastructure to allow all employees to work more efficiently, to more quickly access County data, and to generally provide a higher level of service to County residents. Each occupancy scenario assumes a technology upgrade to a current standard defined as acceptable by Nassau County.
- **Environmental** – While not a significant existing problem for current GOC facilities, there are instances where environmental issues such as asbestos insulation, fireproofing or floor tiles could become exacerbated by the renovation work contemplated across all of the occupancy scenarios. Each plan assumes that any asbestos-containing materials or other hazardous materials will be removed during the building renovations.
- **ADA Compliance** – As outlined in Section III-A, there are some instances where ADA upgrades will be required in coordination with the construction or renovation of the County's facilities. It is assumed that the County would provide reasonable accommodations to comply with the legislation.



- Headcounts and space standards – As part of the County’s fiscal recovery plan, headcount reductions are expected across most areas of County government. As built today, the current facilities have not adhered to any consistent or uniform space standards in the construction of office space. There are both areas that are configured inefficiently from an space utilization standpoint, and areas where employees are housed in much denser configurations than would normally be expected. Although in the Base Case scenario we have made the assumption that existing office/workstation layouts will not be reconfigured, in the consolidation scenarios it is assumed that, in coordination with the base building system upgrades, the interior spaces will be redesigned and a uniform space standards applied across the GOC functions to realize more space efficiency and create flexibility for future configurations.



## C. Scenario Planning

In general, the objective of Scenario Planning is to explore a range of occupancy strategies, timing and alternative deal structures, and to detail the opportunities and risks in a clear and concise manner. The implications of various real estate occupancy strategies and the disposition opportunities that might coincide with them are analyzed and explored.

While there are many scenarios that can be analyzed, given the number of facilities owned by Nassau County, this initial planning effort for the GOC focuses on a manageable number of options as identified by Nassau County, any of which could be implemented. Because of the number of owned facilities involved, variations on the occupancy strategy chosen will have a direct impact on the timing and selection of specific disposition alternatives. Once the County selects a preferred GOC strategy, variations can be further explored and, if applicable, a variety of deal structures developed to evaluate the most economical implementation for Nassau County.

Following are descriptions for both the Base Case and alternative occupancy scenarios of consolidation which were developed with the County's input.

### BASE CASE SCENARIO

The purpose of the Base Case is to establish a benchmark cost against which all other scenarios can be compared. In the Base Case, we assumed that all Government Operation Center groups would remain in their present locations.

PRIMARY BUILDINGS	Building Gross SF	GOC Functions in Occupancy	GOC % of Building <sup>2</sup>	GOC Occupied Gross SF
Old Courthouse	134,984	IT, DPW, DGS	72.9%	98,403
1 West Street	147,851	County Executive & staff, Legislature & staff, County Attorney, OMB, ARC, Commissioner of Accounts, Human Resources, Real Estate Planning & Development, DPW, DGS, Public Policy & Comm.	100.0%	147,851
240 Old Country Rd	217,233	County Clerk, Treasurer, County Comptroller, Dept. of Assessment, DGS/Purchasing	70.9%	154,018
400 County Seat Dr (continued next page)	144,052	Economic Development, CSEA, Board of Elections (admin & voting machine storage),	74.5%	107,319



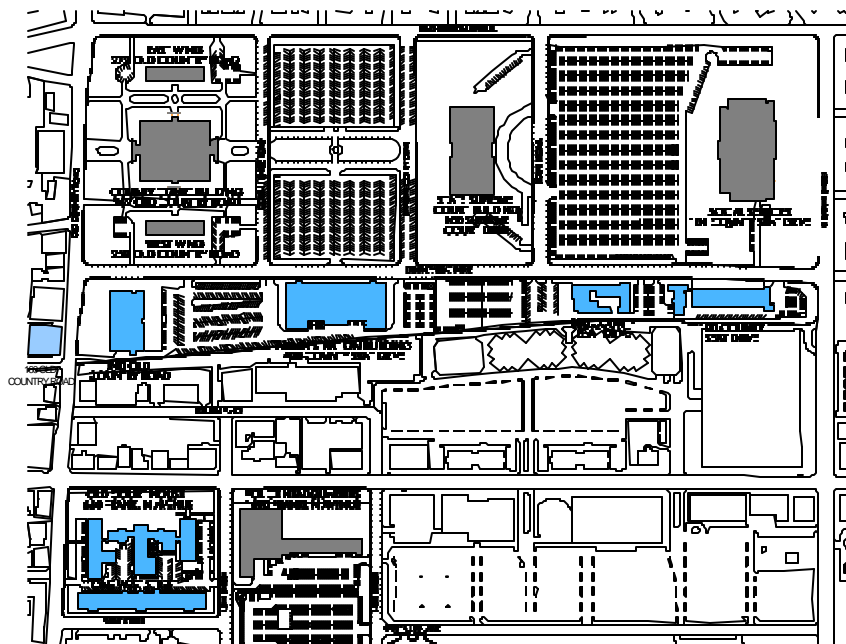
PRIMARY BUILDINGS	Building Gross SF	GOC Functions in Occupancy	GOC % of Building <sup>2</sup>	GOC Occupied Gross SF
		Property Management		
100 County Seat Dr	27,626	OHIA – Section 8 Housing, DPW Central Garage, Security	100.0%	27,626
200 County Seat Dr	21,100	DPW Admin, Maintenance / Shops	100.0%	21,100
160 Old Country Rd	18,393	Consumer Affairs	50.0%	9,197
40 Main (Hempstead)	67,115 <sup>1</sup>	Civil Service	37.9%	25,437
<b>TOTAL GOC BASE CASE GROSS SF OCCUPIED</b>				<b>591,086</b>

Note 1: 40 Main Street area is denoted in rentable square feet, based on the lease.

Note 2: Percent of Building used Government Operation Center Functions; Balance of building used by Police, Social Services and/or Courts Verticals.

Geographically, these buildings (with the exception of 40 Main Street), are all within walking distance of each other, and are only a few blocks from the Mineola Station of the LIRR.

### Government Operations Center – Base Case Scenario



Note: Current Government Operations Center facilities shown in blue. Not shown: 40 Main Street in Hempstead. Other County buildings shown in gray.



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From a building operations standpoint, the Base Case assumes the same base building system and technology upgrades (identified by JB&B and HLW as necessary) are completed as in the Consolidation cases.

However, the Base Case differs from the Consolidation cases in that the building interiors are not demolished or otherwise rebuilt to meet more efficient space standards. In effect, the interiors remain as they are at the present time.

Also, in the Base Case, it is assumed that the historical renovation to the Old Courthouse is not undertaken. It remains approximately 135,000 gross SF. No costs are included in the Base Case to remedy the persistent parking shortfalls. A schedule of these capital costs, as estimated by Advocate Consulting Group, is provided in Section III-D. This preliminary budget estimates that \$58.3 million would be required for these building upgrades, of which \$46.1 million is allocated to and included in the GOC Consolidation Plan based on the percentage occupancy of the GOC functions in each building. Note that these estimates are in 2003 dollars; in the financial analysis, these capital costs are spread across several years and are therefore adjusted for inflation at the rate of 3% per year.

#### CONSOLIDATION SCENARIOS

The purpose of the Consolidation Scenarios is to identify alternative housing arrangements that provide for more efficient use of space and can achieve substantial consolidation of the main Government Operations Center functions into the core Mineola facilities. These scenarios are anchored around a renovated Old Courthouse of approximately 86,000 square feet, as was previously announced. In the period of time allotted by the County, we have provided a macro-level evaluation and analysis of several options that could be viewed as representative for Consolidation scenarios as a whole.

For purposes of this plan, Nassau County has specified that the following groups, currently housed in the buildings outlined under the Base Case scenario above, are to be considered for consolidation into the Government Operations Center. As of January 2002, the GOC staff level of these groups was approximately 1,248. As part of the County's fiscal plan, staff reductions are expected across all divisions over the next several years, and expect to take this GOC staff level down to approximately 1,126 employees. However, because of projected increased staff requirements in certain areas such as Office of Management & Budget



Assessment Review Commission, Department of Assessment, and County Attorney, each consolidation scenario is structured to accommodate a total projected 2003 GOC staff of 1,235 employees broken down as follows:

Vertical / Organization	GOC Functions	Planned Full-time Employees (FTE)
County Executive	County Exec, Deputy County Execs & staff	18
	Commissioner of Investigations	10
	County Clerk	86
		<hr/> 114
County Legislature	Legislature and staff	83
Budget & Finance	Treasurer	27
	Office of Management & Budget	23
	Assessment Review Commission	30
	County Comptroller	75
	Department of Assessment	168
		<hr/> 323
Economic Development	Economic Development	3
	OHIA / OED – Section 8	38
	IDA	4
	SET	3
	Planning	21
	Grants / ED Resource Center	6
		<hr/> 75
Public Safety and Labor	Consumer Affairs	30
General Services	Department of Public Works	100
Centralized Staff Functions	County Attorney	154
	Human Resources	10
	DPW / Building Maintenance	81
	Real Estate Planning & Development	10
	Purchasing and Contracts	19
	Civil Service	61
	Labor Relations	1
	Information Technology	77
		<hr/> 413
Board of Elections	Board of Elections (administration)	97
<b>TOTAL GOC STAFF</b>		<b>1,235</b>



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The occupancy and operational profiles for each consolidation scenario are described below. Most of the financial assumptions, including all of the renovation and other capital costs, are detailed in the Financial Analysis section.

The structure of each consolidation scenario assumes the following:

- The major base building systems, as identified and detailed by JB&B in the Building Evaluation Report, (HVAC, mechanical, electrical, and plumbing) in each building to be occupied are significantly upgraded to provide for more efficient and dependable operations in the long term. Each building's technology infrastructure is upgraded to what is perceived to be an acceptable standard today as agreed to by Nassau County, and any hazardous materials (as identified by Ambient Group) in the buildings are removed.
- The interior spaces are to be newly re-built and more efficient space standards as agreed to by HLW and Nassau County representatives are implemented to target an overall density of 200 usable square feet per person. New furniture systems are installed.
- Each building to be renovated is completely vacated prior to performing the improvements. It is assumed that the County has vacant space elsewhere in its portfolio (for example, Grumman Building #3) that can accommodate these temporary swing space requirements during the transitional period of up to 3 years. As a result, no incremental operating costs over and above what would have otherwise been incurred are assumed during the renovation periods. Moving and transitions costs to and from the temporary swing space are included in the estimated capital budgets for each scenario as shown in Section III-D. If the County cannot accommodate the swing space requirement in existing locations, renovation or short-term lease of other property might be necessary. A short-term swing space requirement of 80,000 to 100,000 square feet would increase the financial costs by approximately \$7.5 to \$10.0 million (assuming a \$75 per square foot capital expenditure or lease rate of \$25 per square foot per year).
- Another County-owned facility (to be identified), not located in the Mineola complex, will be made available and be utilized to consolidate the Department of Public Works ("DPW") maintenance, shop, and garage requirements presently located at 100 and 200 County Seat Drive. Upon relocation, these two buildings become disposition properties. This location could also be



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utilized for storage of the Board of Election's voting machines, which would be relocated from 400 County Seat Drive.

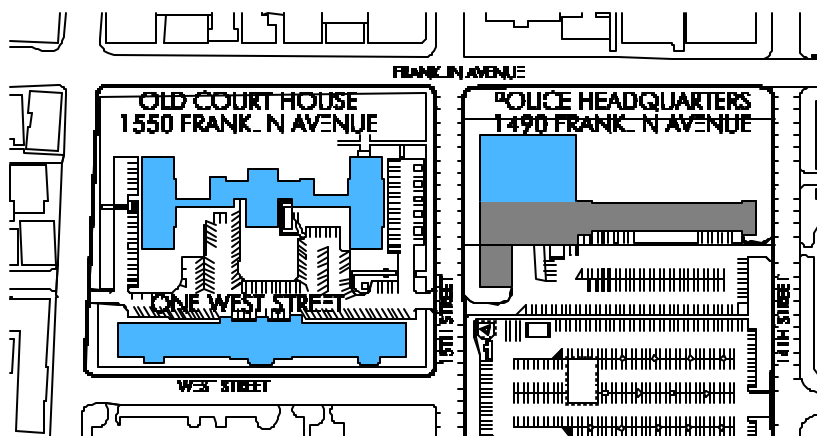
- Because all three consolidation scenarios utilize the Police Headquarters parking lot for construction of a parking garage, all three are necessarily contingent on a decision to relocate the Police Headquarters to a new Public Safety Center. It is assumed that construction cannot begin on the parking garage until the Police have started the relocation process. Also, all three consolidation scenarios are contingent on the Village of Garden City approving construction of a parking garage on that lot. If approval cannot be obtained, the County would likely have to demolish the Police Headquarters to provide additional surface parking for the GOC campus. In this case, the GOC office requirement targeted for the Police Headquarters building in Campus 1A would have to be located in a less proximate location, depending on the plans for the other County-owned Mineola buildings.



#### CAMPUS 1A – RENOVATE / UPGRADE OLD COURTHOUSE, ONE WEST AND POLICE HEADQUARTERS

Campus 1A primarily utilizes three existing buildings – the Old Courthouse, One West, and a portion of the current Police Headquarters – to create a centralized “campus” for the Government Operations. Because of the large number of employees compounding an already tight parking situation, an 800-space parking garage would be constructed on the site of the Police parking lot. DPW maintenance, shop and garage needs are assumed to relocate to an off-site County-owned location to be determined, thereby making 100 and 200 County Seat Drive available for disposition.

#### Government Operations Center – Campus Scenario 1A



Note: Proposed Government Operations Center consolidated facilities shown in blue. Reflects historical renovation of Old Courthouse and reduction in size to 86,000 gross square feet. Requires GOC utilization of part of the Police Headquarters building.

#### *Conceptual Schedule*

- ☐ The following preliminary schedule describes a potential timeline for the implementation of the Campus 1A plan. These construction/renovation time periods are estimates provided by Advocate Consulting in conjunction with Nassau County and are based on what would be required for a typical corporate build-out. For purposes of the comparative analysis, it is assumed that the construction work begins on January 1, 2003. However, this schedule cannot commence until all required consultants and contractors have been approved and hired by the County, space programming completed, design and construction drawings drafted and finalized, and the environment impact of the



County's consolidation studied pursuant to SEQRA. While much of this timing is within the County's control, it is our understanding that the SEQRA process could take up to 6 months.

☐ Months 1-15: Renovation of the Old Courthouse

- The renovation program for the Old Courthouse takes 15 months to complete.
- The building size is reduced to 86,000 gross square feet, or 47,100 usable square feet.
- All current occupants are relocated to temporary swing space in one or more County-owned properties, at comparable operating costs.
- A decision is made by January 2003 to relocate the Police and Public Safety functions and fully implemented within a 30-month period.
- While the Old Courthouse renovation is underway, the bidding and the award of the contract to renovate One West is completed, along with all planning and design phases.

☐ Months 16-24: Renovation of One West Street

- The renovation program for One West Street begins after the Old Courthouse renovations, and takes 9 months to complete.
  - The County Executive and staff, the Legislature and staff, and County Attorney relocate from One West to the Old Courthouse in order to avoid a double-move.
  - Any other GOC users located in One West are relocated to temporary swing space in one or more County-owned properties, at comparable operating costs.
- While the One West renovation is underway, the bidding and the award of the contract to renovate the former Police Headquarters and construct a parking garage is completed, along with all planning and design phases.
- Upon completion of the One West renovation, some of the GOC operations in the temporary swing space or other GOC Primary Properties are relocated to One West.

☐ Months 25-32: Renovation of former Police Headquarters and construction of parking garage.

- The renovation program begins after the Police have begun to relocate to a new Public Safety Center, and takes 8 months to complete. GOC would



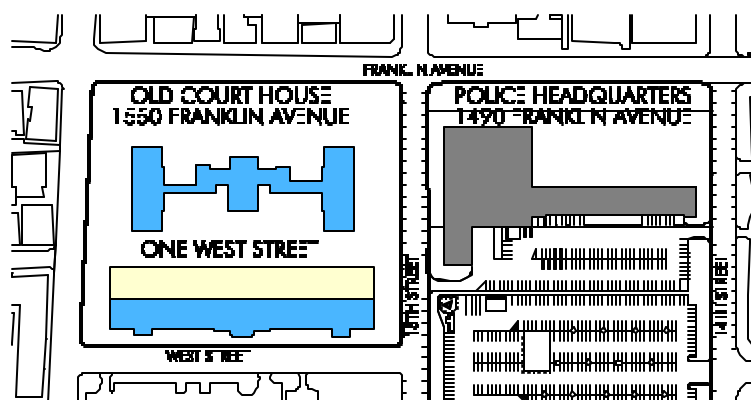
- need to utilize approximately 50%, or 86,000 gross SF, of the renovated building.
- DPW central garage and maintenance/shops requirement of 42,300 gross square feet is relocated from 100 County Seat and 200 County Seat to another County-owned property.
  - Board of Elections voting machine storage requirement of 55,800 gross square feet is relocated from 400 County Seat to another County-owned property.
  - Upon completion of the former Police Headquarters renovation, the remaining GOC operations in the temporary swing space and in the other GOC Primary Properties are relocated to One West.
- ☐ Months 1-32: Employees in all other GOC Primary Properties remain in those locations until the renovations of One West and the former Police Headquarters are complete. Costs in these properties are “status quo” in that there are no capital expenditures since the occupancy is expected to be short-term. Although the timing of relocations will vary between months 25 and 32, and will be phased based on the planned occupancy profile, we assume that the relocations will have occurred after 30 months on a weighted average basis.
- ☐ Months 1-36: Identify Properties for Disposition
- 160 Old Country Road is sold in 2003.
  - 100 County Seat Drive and 200 County Seat Drive are sold during the period 2003-2005 (assuming parking deficiency is not addressed). Based on the bond information provided by Nassau County and PFM, there appears to be no Nassau County or NIFA Series 2000A debt on either of these two buildings. However, this assumption should be confirmed through further investigation before sale.
  - Spaces vacated by GOC in 240 Old Country Road, 400 County Seat Drive, and 40 Main Street are renovated and used by Nassau County for other operational needs.
    - Depending on the prospective uses for 240 Old Country Road as determined by Nassau County pursuant to the strategic plans for other verticals, this property may or may not be a disposition candidate.



#### CAMPUS 1B – RENOVATE/UPGRADE OLD COURTHOUSE AND EXPAND ONE WEST

Campus 1B represents a scenario that capitalizes on the proximity of the Old Courthouse to One West to create a centralized “campus” for the Government Operations. However, the GOC requirement that was met at the former Police Headquarters in Campus 1A is now assumed to be captured entirely by the expansion (to the east) of the One West building by 86,000 gross square feet. By sacrificing current surface parking for a larger One West, the existing parking problems would be further exacerbated. To address this problem, Campus 1B assumes that the capacity of the parking garage described in Campus 1A would have to increase to 977 parking spaces. DPW maintenance, shop and garage needs are assumed to relocate to an off-site County-owned location to be determined, thereby making 100 and 200 County Seat Drive available for disposition.

#### Government Operations Center – Campus Scenario 1B



Note: Proposed Government Operations Center consolidated facilities shown in blue; expansion of One West shown in yellow. Reflects historical renovation of Old Courthouse and reduction in size to 86,000 gross square feet.

#### *Conceptual Schedule*

The following preliminary schedule describes a potential timeline for the implementation of the Campus 1B plan. These construction/renovation time periods are estimates based on what would be required for a typical corporate build-out. For purposes of the comparative analysis, it is assumed that the construction work begins on January 1, 2003. However, this schedule cannot commence until all required consultants and contractors have been approved and



hired by the County, space programming completed, design and construction drawings drafted and finalized, and the environment impact of the County's consolidation studied pursuant to SEQRA. While much of this timing is within the County's control, it is our understanding that the SEQRA process could take up to 6 months.

☐ Months 1-15: Renovation of the Old Courthouse

- The renovation program for the Old Courthouse takes 15 months to complete.
- The building size is reduced to 86,000 gross square feet, or 47,100 usable square feet.
- All current occupants are relocated to temporary swing space in one or more County-owned properties, at comparable operating costs.
- While the Old Courthouse renovation is underway, the bidding and the award of the contract to renovate One West is completed, along with all plans and design.

☐ Months 16-30: Expansion of One West Street

- The expansion and renovation work for One West after the Old Courthouse renovation, , and takes 15 months to complete.
  - The County Executive and staff, the Legislature and staff, and County Attorney relocate from One West to the Old Courthouse in order to avoid a double-move.
  - Any other GOC users located in One West are relocated to temporary swing space in one or more County-owned properties, at comparable costs.
- While the One West expansion and renovation are underway, the bidding and the award of the contract to develop a parking garage on the surface lot adjacent to the former Police Headquarters is completed, along with all planning and design phases.
- Upon completion of the renovation and expansion of One West expansion, the GOC operations in the temporary swing space and at other GOC Primary Properties are relocated to One West.



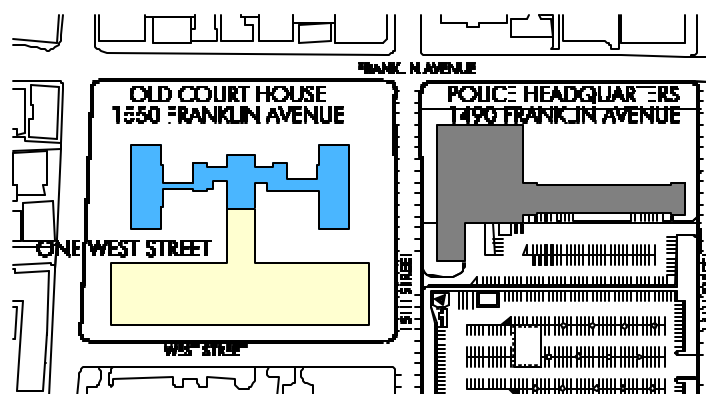
- ❑ Months 25-30: Construction of parking deck, and other relocations.
  - Construction of the parking deck begins after the Police have begun to relocate to a new Public Safety Center, and takes approximately 6 months to complete.
  - DPW central garage and maintenance/shops requirement of 42,300 gross square feet is relocated from 100 County Seat and 200 County Seat to another County-owned property.
  - Board of Elections voting machine storage requirement of 55,800 gross square feet is relocated from 400 County Seat to another County-owned property.
- ❑ Months 1-30: Employees in all other GOC Primary Properties remain in those locations until the expansion and renovation of One West is complete at the end of 30 months.
- ❑ Months 1-36: Identify Properties for Disposition
  - 160 Old Country Road is sold in 2003.
  - 100 County Seat Drive and 200 County Seat Drive are sold in 2005 (assuming parking deficiency is not addressed). Based on the bond information provided by Nassau County and PFM, there appears to be no Nassau County or NIFA Series 2000A debt on either of these two buildings. However, this assumption should be confirmed through further investigation before sale.
  - Depending on how much of the surface parking is used for the parking deck, the former Police Headquarters could be a sales candidate “as is”. However, the size of the site would be diminished by construction of the parking garage, leaving a potential developer less buildable area overall.
  - Spaces vacated by GOC in 240 Old Country Road, 400 County Seat Drive, and 40 Main Street are renovated and used by Nassau County for other operational needs.
    - Depending on the prospective uses for 240 Old Country Road as determined by Nassau County pursuant to the strategic plans for other verticals, this property may or may not be a disposition candidate.



#### CAMPUS 1C – RENOVATE/UPGRADE OLD COURTHOUSE AND BUILD A NEW ONE WEST

Campus 1C is quite similar to Campus 1B except that, rather than retrofit and expand One West, the existing One West is demolished and a new, larger One West is constructed with more efficient floorplates. Because of the presumed overall efficiencies of the newer building design and floorplate, the new One West comprises 224,000 gross square feet, or approximately 186,700 usable square feet. In this case as well, Campus 1C assumes that a parking garage with a capacity of 977 parking spaces would be built on the current surface lot at the Police Headquarters. DPW maintenance, shop and garage needs are assumed to relocate to an off-site County-owned location to be determined, thereby making 100 and 200 County Seat Drive available for disposition.

#### Government Operations Center – Campus Scenario 1C



Note: Proposed Government Operations Center consolidated facilities. Reflects historical renovation of Old Courthouse and reduction in size to 86,000 gross square feet, shown in blue. New One West Street facility shown in yellow.

#### *Conceptual Schedule*

The following preliminary schedule describes a potential timeline for the implementation of the Campus 1C plan. These construction/renovation time periods are estimates based on what would be required for a typical corporate build-out. For purposes of the comparative analysis, it is assumed that the construction work begins on January 1, 2003. However, this schedule cannot commence until all required consultants and contractors have been approved and



hired by the County, space programming completed, design and construction drawings drafted and finalized, and the environment impact of the County's consolidation studied pursuant to SEQRA. While much of this timing is within the County's control, it is our understanding that the SEQRA process could take up to 6 months.

☐ Months 1-15: Renovation of the Old Courthouse

- The renovation program for the Old Courthouse takes 15 months to complete.
- The building size is reduced to 86,000 gross square feet, or 47,100 usable square feet.
- All current occupants are relocated to temporary swing space in one or more County-owned properties, at comparable operating costs.
- While the Old Courthouse renovation is underway, the bidding and the award of the contract to rebuild One West is completed, along with all planning and design phases.

☐ Months 16-33: Construction of a new One West Street

- The demolition and construction work for One West Street after the Old Courthouse renovation, takes 18 months to complete.
  - The County Executive and staff, the Legislature and staff, and County Attorney relocate from One West to the Old Courthouse in order to avoid a double-move.
  - Any other GOC users located in One West are relocated to temporary swing space in one or more County-owned properties.
- While the One West reconstruction is under way, the bidding and the award of the contract to develop a parking garage on the surface lot adjacent to the former Police Headquarters is completed, along with all planning and design phases.
- When the One West reconstruction is completed, the GOC operations in the temporary swing space and at other GOC Primary Properties are relocated to One West.

☐ Months 25-30: Construction of parking deck, and other relocations.

- Construction of the parking deck begins after the Police have begun to relocate to a new Public Safety Center, and takes approximately 6 months to complete.



- DPW central garage and maintenance/shops requirement of 42,300 gross square feet are relocated from 100 County Seat and 200 County Seat to another County-owned property.
- Board of Elections voting machine storage requirement of 55,800 gross square feet is relocated from 400 County Seat to another County-owned property.
- ☐ Months 1-33: Employees in all other GOC Primary Properties remain in those locations until the expansion and renovation of One West is complete at the end of 33 months.
- ☐ Months 1-36: Identify Properties for Disposition
  - 160 Old Country Road in sold in 2003.
  - 100 County Seat Drive and 200 County Seat Drive sold in 2005 (assuming parking deficiency is not addressed). Based on the bond information provided by Nassau County and PFM, there appears to be no Nassau County or NIFA Series 2000A debt on either of these two buildings. However, that should be confirmed through further investigation before sale.
  - Depending on how much of the surface parking is used for the parking deck, the former Police Headquarters could be a sales candidate “as is”. However, the size of the site would be diminished by construction of the parking garage, leaving a potential developer less buildable area overall.
  - Spaces vacated by GOC in 240 Old Country, 400 County Seat, and 40 Main Street are renovated and used by Nassau County for other operational needs.
    - Depending on the strategic plans for other verticals, 240 Old Country may or may not be a disposition candidate.



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## OTHER SCENARIOS

There are certainly other variations on the Consolidation scenarios evaluated in this report, as well as possible split operations scenarios which could be developed, including the following:

- Split the core GOC functions between the Old Courthouse and other buildings in the Mineola complex. If close proximity to the County Executive and Legislature is not necessary for all groups, then some groups could be consolidated in other buildings after relocation of their existing occupants and renovation of these facilities for GOC uses. For example, the County Court at 262 Old Country Road or the Social Services Building at 101 County Seat Drive would be possibilities, but would require extensive renovation and relocation of the County Court and Social Services functions, respectively.
- Move one or more of the GOC groups out of the Mineola center. Separating a group such as the Department of Public Works from the Consolidation initiative, and locating it in other surplus County space, could result in (a) alleviating some of the parking pressures at the Mineola complex, and (b) possibly freeing up another building for disposition within the Mineola core. In this situation, the expansion needs at the Old Courthouse/One West complex could be reduced.



## D. Financial Analysis

For each GOC scenario, Insignia/ESG has developed comprehensive financial models to determine the estimated costs associated with pursuing various strategies. The models will enable Nassau County to:

- ◆ Determine the implications of any given transaction on a cash basis.
- ◆ Make “real time” changes in assumptions such as timing, capital, economics, purchase or sales price, inflation rates, debt amortization periods, financing assumptions, discount rates, etc. All economic models are developed so that Nassau County can explore sensitivities of all variables.
- ◆ Compare building operating expense costs (to the extent such was accounted for and provided by the County on a detailed basis), as well as other potential occupancy expenses such as the debt service costs associated with former or prospective capital expenditures. These costs have been included based on existing Nassau County costs where such costs were known.

The following sections summarize the major financial assumptions underlying each of the occupancy scenarios developed. Because changes in these assumptions could materially impact one or more of the occupancy scenarios, it is important that the County review and confirm these assumptions. This is particularly relevant in this instance because of the lack of detailed cost information available from the County with respect to many of the current buildings.

### GENERAL ASSUMPTIONS

- Per the County, the analysis period covers 20 years, from January 2003 through December 2022.
- Per the County, all cash flows were discounted monthly using an annual discount rate of 5.5%.
- Operating expenses, whether provided by the County or estimated by Insignia/ESG and approved by the County, were as of 2001. Expenses for 2003 have been inflated at 3% per annum from 2001.
- All new capital requirements as estimated by Advocate Consulting Group are assumed to be financed by NIFA or an alternative source on a fully amortizing basis over the terms outlined below, at an interest rate of 5.32% for 2003



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capital, 6.31% for 2004-2005 capital, and 6.84% for 2006 capital and thereafter (rate supplied by Nassau County consistent with the debt cost assumptions of the Multi-Year Financial Plan 2003-2006), beginning in the middle of the year in which the capital expenditure occurs.

- The time periods used to fully amortize the new debt are based on the Periods of Probable Use (“PPUs”) typically used by the County in its present debt structure, and consistent with Local Finance Law. The periods used vary by building and the type of work done, and are described within each scenario.
- Advocate Consulting Group’s capital estimates were based on 2003 dollar amounts.
- The timing of all capital expenditures is per Advocate Consulting Group. Where applicable, capital costs were split over two or more periods, as described in each scenario. When capital was allocated across multiple years, it was adjusted for inflation at the rate of 3% per year.
- Amortization of Current Debt Outstanding -- Based on the input from the County and Public Financial Management (“PFM”), the current principal and total debt service amounts of county bonds outstanding were identified for each of the buildings as in the follow table. Per the County, a proportionate share of this debt service is included in the GOC financial analysis, based on the percentage occupancy of each building by the Government Operations Center groups for both the Base Case and Consolidation scenarios. The full amount of debt service is included in the GOC analysis only when the entire building houses only GOC functions.



BUILDING TOTAL DEBT COSTS	Outstanding Principal Jan 1, 2003	Scheduled Debt Service <sup>2</sup> 2003-2005	Scheduled Debt Service <sup>2</sup> 2003-2012	Total Debt Service <sup>2</sup> 2003-2020
Old Courthouse	\$ 1.169 million	\$ 0.718 million	\$ 1.394 million	\$ 1.453 million
1 West Street	\$ 0.927 million	\$ 0.649 million	\$ 1.082 million	\$ 1.083 million
400 County Seat Drive	\$ 1.211 million	\$ 0.482 million	\$ 1.248 million	\$ 1.896 million
240 Old Country Road	\$ 1.110 million	\$ 0.780 million	\$ 1.257 million	\$ 1.310 million
<b>SUBTOTAL</b>	<b>\$ 4.417 million</b>	<b>\$ 2.629 million</b>	<b>\$ 4.981 million</b>	<b>\$ 5.742 million</b>
<u>NIFA SERIES 2000A:</u>				
40 Main Street	\$ 1.452 million <sup>1</sup>	not available	not available	not available
400 County Seat Drive	\$ 0.256 million <sup>1</sup>	not available	not available	not available
<b>TOTAL</b>	<b>\$ 6.125 million</b>			

Note 1: Not included in analysis. See discussion below.

Note 2: Debt Service is the scheduled principal and interest payments as calculated by PFM.

Note that debt service repayment information for funds requisitioned from NIFA, Series 2000A was not provided by PFM or the County, and has therefore not been included in the analysis as an ongoing occupancy cost. In the event of a property disposition, however, the gross sales proceeds are reduced by the amount of the NIFA Series 2000A requisitions when such amounts were provided by the County, thereby reducing the overall net proceeds available to offset new capital expenditures projected for each scenario.

Also, based on the information received from the County, we could not attribute any outstanding debt directly to 100 County Seat Drive, 200 County Seat Drive or 160 Old Country Road. However, further detailed analysis by the County or PFM into the specific uses of funds within other projects would be required to definitively determine whether there is any allocation appropriate to these three properties. For purposes of our analysis, we have assumed that there is none.

#### BASE CASE SCENARIO - ASSUMPTIONS

Following is a summary of the major economic assumptions made for the Base Case analysis. The amounts are projected as of January 2003:

## PROJECTED OCCUPANCY COSTS

Variable	Old Courthouse	1 West St.	240 Old Country	400 County Seat	160 Old Country	40 Main St. (leased)	100 County Seat	200 County Seat
Per Gross SF Costs (2003) <sup>1</sup> :								
Operating Expenses	\$6.06	\$7.48	\$5.74	\$6.36	\$4.28	incl.	\$6.36	\$6.36
Real Estate Taxes	n/a	n/a	n/a	n/a	n/a	\$1.58	n/a	n/a
Base Rent	n/a	n/a	n/a	n/a	n/a	\$15.28	n/a	n/a
Electricity	\$1.94	\$1.77	\$2.22	\$1.77	\$1.95	\$1.35	\$1.77	\$1.77
GOC Functions Occupancy % <sup>2</sup>	73.0%	100%	70.9%	74.5%	100%	37.9%	100%	100%
<u>Debt Allocations (millions) <sup>3</sup>:</u>								
Existing – Principal <sup>4</sup>	\$0.854	\$0.927	\$0.787	\$0.902	n/a	n/a	n/a	n/a
Existing – Total Debt Service	\$1.061	\$1.083	\$0.929	\$1.413	n/a	n/a	n/a	n/a
NIFA Debt – Principal <sup>5</sup>	n/a	n/a	n/a	\$0.191	n/a	\$0.550	n/a	N/A

Note 1: 2001 costs as provided Nassau County, escalated to 2003 at 3% per year. If Operating Expense or Electricity costs were not provided, Insignia/ESG estimated a cost based on the range of expenses that were provided by the County for other properties.

Note 2: Portion of each building occupied by GOC functions as compared to uses for other Nassau County verticals.

Note 3: Debt Allocations included in the current costs of each building; Building total debt x GOC Functions Occupancy %

Note 4: Projected principal balance as of January 1, 2003.

Note 5: Principal amount of NIFA Series 2000A requisitions as of January 1, 2003.

The capital budget for the Base Case scenario, as estimated by Advocate Consulting Group based on the architectural review by HLW and the engineering review by JB&B and Ambient Group, is summarized below. All amounts are estimates based on 2003 costs. In the financial analysis, any capital amounts allocated to periods after 2003 are inflated at 3% per year. Advocate's detailed calculations are included in the Appendix.

Key assumptions of this budget include:

- Assumes the County continues to live in the existing spaces “as is”, with no capital spent on renovation of the interiors or furniture. The only capital assumed to be expended is to modernize outdated or under-performing base building systems (HVAC, electricity, elevators, etc.) and each building's information technology infrastructure as identified by JB&B in the Building Evaluations Report.

- Assumed 50% of the total capital expenditures are made in 2003, with the balance in 2004. No capital is spent at 160 Old Country Road.
- Capital expenditures were assumed to be financed over appropriate periods-of-probable-use (PPUs) consistent with Local Finance Law. 15 years was used to amortize the cost of improvements to the County-owned buildings listed below, and a 20-year PPU was assumed for 40 Main Street.
- Assumes no capital expenditure to provide additional parking spaces.
- Assumes no improvements in space efficiencies, or disposition of any of the GOC facilities.
- Limited capital is included for 100 and 200 County Seat Drive because of the large proportion of garage and building maintenance functions.

#### PROJECTED CAPITAL BUDGET

<b>BASE CASE CAPITAL BUDGET (\$ as of 2003)</b>	<b>Old Courthouse</b>	<b>One West</b>	<b>240 Old Country Rd</b>	<b>400 County Seat Dr</b>	<b>100-200 County Seat</b>	<b>40 Main St (Hempstead)</b>
GROSS BUILDING AREA (SF)	135,000	148,000	217,000	144,000	48,560	67,000
<b>BUILDING IMPROVEMENTS</b>						
Construction Fit Out (Arch.)	\$2,700,000	\$2,960,000	\$4,340,000	\$1,930,000	\$485,600	\$335,000
HVAC	\$2,025,000	\$2,220,000	\$3,255,000	\$1,447,500	\$0	\$0
Sprinkler	\$337,500	\$370,000	\$542,500	\$241,250	\$0	\$0
Electric	\$2,025,000	\$2,220,000	\$3,255,000	\$1,447,500	\$0	\$0
Plumbing	\$405,000	\$444,000	\$651,000	\$289,500	\$0	\$0
Abatement	\$270,000	\$296,000	\$434,000	\$193,000	\$194,240	\$0
Elevator Upgrade	\$135,000	\$148,000	\$217,000	\$96,500	\$0	\$0
Security	\$135,000	\$148,000	\$217,000	\$96,500	\$0	\$0
Utility Upgrade	\$0	\$0	\$0	\$0	\$0	\$0
Parking	\$0	\$0	\$0	\$0	\$0	\$0
Consulting (10% of hard cost)	\$803,250	\$880,600	\$1,291,150	\$574,175	\$67,984	\$33,500
Contingency (5% of cost)	\$441,788	\$484,330	\$710,133	\$315,796	\$37,391	\$18,425
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$9,277,538</b>	<b>\$10,170,930</b>	<b>\$14,912,783</b>	<b>\$6,631,721</b>	<b>\$785,215</b>	<b>\$386,925</b>
<b>FF&amp;E</b>						
<b>TOTAL FF&amp;E</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>INFORMATION TECHNOLOGY</b>						
Technology cabling / backbone	\$1,282,500	\$1,406,000	\$2,061,500	\$916,750	\$0	\$0
Technology Electronics & Equipment	\$1,350,000	\$1,480,000	\$2,170,000	\$965,000	\$0	\$0
Contingency (5% of cost)	\$131,625	\$144,300	\$211,575	\$94,088	\$0	\$0
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$2,764,125</b>	<b>\$3,030,300</b>	<b>\$4,443,075</b>	<b>\$1,975,838</b>	<b>\$0</b>	<b>\$0</b>
<b>MOVING &amp; TRANSITION COSTS</b>						
Moving & Storage	\$270,000	\$296,000	\$434,000	\$193,000	\$48,560	\$67,000
Transition Costs	\$540,000	\$592,000	\$868,000	\$386,000	\$0	\$0
Contingency (5% of cost)	\$40,500	\$44,400	\$65,100	\$28,950	\$2,428	\$3,350
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$850,500</b>	<b>\$932,400</b>	<b>\$1,367,100</b>	<b>\$607,950</b>	<b>\$50,988</b>	<b>\$70,350</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$12,892,163</b>	<b>\$14,133,630</b>	<b>\$20,722,958</b>	<b>\$9,215,509</b>	<b>\$836,203</b>	<b>\$457,275</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$95 per SF</b>	<b>\$95 per SF</b>	<b>\$95 per SF</b>	<b>\$64 per SF</b>	<b>\$17 per SF</b>	<b>\$7 per SF</b>
<b>GOC Functions Occupancy %</b>	<b>73.0%</b>	<b>100.0%</b>	<b>70.9%</b>	<b>74.5%</b>	<b>100.0%</b>	<b>37.9%</b>
<b>Capital Allocated to GOC Functions</b>	<b>\$9,411,279</b>	<b>\$14,133,630</b>	<b>\$14,692,577</b>	<b>\$6,865,554</b>	<b>\$836,203</b>	<b>\$173,307</b>



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#### CONSOLIDATION SCENARIOS – COMMON ASSUMPTIONS

Following is a summary of the major economic assumptions that are common to the capital expenditures included in the analysis for each of the three consolidation scenarios.

- For purposes of the comparative analysis, it is assumed that the construction work begins on January 1, 2003. However, this schedule cannot commence until all required consultants and contractors have been approved and hired by the County, space programming completed, design and construction drawings drafted and finalized, and the environment impact of the County's consolidation studied pursuant to SEQRA. While much of this timing is within the County's control, it is our understanding that the SEQRA process could take up to 6 months. As such, the dates listed below would be pushed out by a proportionate period of time.
- For the Old Courthouse: 50% of capital for building improvements, technology and moving/transition is required in 2003, the balance in 2004; 25% of the capital for FF&E is required in 2003, the balance in 2004.
- For DPW Shops/BOE Storage facility: 100% of capital for minor building improvements and moving costs is required in 2005.
- FF&E expenditures are based on acquiring new furniture at \$20.00 per gross SF, since the interiors will be re-built. Purchasing used furniture, if available, could potentially generate cost savings.
- Capital expenditures were assumed to be financed over appropriate PPU's consistent with Local Finance Laws. For the Consolidation scenarios, 15 years was used to amortize all costs associated with the renovation of existing County-owned buildings, including the location for the DPW shops and Board of Election storage. 30 years was used to amortize the costs for all new construction, including One West Street (when applicable in Campus 1B, and in 1C) and the parking garage.

In addition, potential Operating Expense and/or Electricity cost savings due to the installation and upgrade of these base building systems are probable. However, such amounts were not quantifiable because of the incomplete historical cost information provided by the County.

#### CAMPUS 1A – CONSOLIDATION ASSUMPTIONS

#### RENOVATE/UPGRADE OLD COURTHOUSE, ONE WEST AND POLICE HEADQUARTERS

Following are the major economic assumptions made for the Campus 1A analysis.

#### PROJECTED TIMEFRAME

- Renovation of Old Courthouse Jan 2003 – Mar 2004; renovation of One West Apr 2004 – Dec 2004; renovation of former Police HQ Jan 2005 – Aug 2005.
- Status quo is maintained in other GOC facilities for approximately 30 months, during which groups are relocated on a phased basis.

#### PROJECTED CURRENT OCCUPANCY COSTS

The Occupancy Costs below are projections to January 2003 for operating expenses, electricity, and the remaining debt service payments associated with specific County bonds identified by Nassau County that were used to finance previous capital improvements in the Old Courthouse, One West Street and the Police Headquarters.

Variable	Old Courthouse	1 West St.	Former Police HQ	DPW Shops, BOE Storage <sup>5</sup>
GOC Gross SF Occupied:	86,000	148,000	87,000 (part <sup>6</sup> )	98,100
Per Gross SF Costs (2003) <sup>1</sup>				
Operating Expenses	\$6.06	\$7.48	\$6.36	\$3.28
Real Estate Taxes	n/a	n/a	n/a	n/a
Electricity	\$1.94	\$1.77	\$1.95	\$1.06
GOC Functions Occupancy % <sup>2</sup>	100%	100%	51.9%	100%
Debt Allocations (millions) <sup>3</sup> :				
Existing – Principal <sup>4</sup>	\$1.169	\$0.927	\$2.595	\$0.0
Existing – Total Debt Service	\$1.453	\$1.083	\$2.945	\$0.0
NIFA Debt – Principal	n/a	n/a	n/a	n/a

Note 1: 2001 costs as provided Nassau County, escalated to 2003 at 3% per year. If Operating Expense or Electricity costs were not provided, Insignia/ESG estimated a cost based on the range of expenses that were provided by the County for other properties.

Note 2: Portion of each building occupied by GOC functions as compared to uses for other Nassau County verticals.

Note 3: Debt Allocations included in the current costs of each building: Building total debt x GOC Functions Occupancy %

Note 4: Projected principal balance as of January 1, 2003. Excludes requisitions from NIFA Series 2000A, if any.

Note 5: Assumes DPW shops, maintenance and garage functions from 100 and 200 County Seat Drive, and BOE voting machine storage from 400 County Seat Drive will be relocated to another County-owned industrial/warehouse facility; location to-be-determined.

Note 6: Assumes balance of building will be utilized for other County functions, outside of the GOC vertical.



## PROJECTED CAPITAL BUDGET

- For One West: 100% of capital for building improvements, FF&E, technology and moving/transition is required in 2004.
- For former Police Headquarters: 100% of capital for building improvements, FF&E, technology and moving/transition is required in 2005.
- Parking garage to be constructed in existing Police Headquarters parking lot, and accommodate 800 spaces.
- Capital costs are financed and amortized as described on Page 26.

<b>CAMPUS 1A CAPITAL BUDGET (\$ as of 2003)</b>	<b>Old Courthouse</b>	<b>One West</b>	<b>Former Police HQ</b>	<b>DPW, BOE Storage</b>	<b>TOTAL</b>
GROSS BUILDING AREA (SF)	86,000	148,000	87,000	98,100	419,100
<b>BUILDING IMPROVEMENTS</b>					
Building Systems & Constr Fit-out	\$ 15,050,000	\$14,800,000	\$8,700,000	\$490,500	\$39,040,500
Parking - 800 space Garage			\$ 13,350,000		\$13,350,000
Consulting (10% of hard cost)	\$ 1,505,000	\$1,480,000	\$870,000	\$49,050	\$3,904,050
Contingency (5% of cost)	\$827,750	\$814,000	\$1,146,000	\$26,978	\$2,814,728
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$17,382,750</b>	<b>\$17,094,000</b>	<b>\$24,066,000</b>	<b>\$566,528</b>	<b>\$59,109,278</b>
<b>FF&amp;E</b>					
Furnishing & Equipment	\$1,720,000	\$2,960,000	\$1,740,000	\$0	\$6,420,000
Contingency (5% of cost)	\$86,000	\$148,000	\$87,000	\$0	\$321,000
<b>TOTAL FF&amp;E</b>	<b>\$1,806,000</b>	<b>\$3,108,000</b>	<b>\$1,827,000</b>	<b>\$0</b>	<b>\$6,741,000</b>
<b>INFORMATION TECHNOLOGY</b>					
Technology cabling / backbone	\$602,000	\$1,036,000	\$609,000	\$0	\$2,247,000
Technology Electronics & Equipment	\$860,000	\$1,490,000	\$860,000	\$0	\$3,210,000
Contingency (5% of cost)	\$73,100	\$126,300	\$73,450	\$0	\$272,850
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$1,535,100</b>	<b>\$2,652,300</b>	<b>\$1,542,450</b>	<b>\$0</b>	<b>\$5,729,850</b>
<b>MOVING &amp; TRANSITION COSTS</b>					
Moving & Storage	\$172,000	\$296,000	\$174,000	\$490,500	\$1,132,500
Transition Costs	\$344,000	\$596,000	\$344,000	\$0	\$1,284,000
Contingency (5% of cost)	\$25,800	\$44,600	\$25,900	\$24,525	\$120,825
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$541,800</b>	<b>\$936,600</b>	<b>\$543,900</b>	<b>\$515,025</b>	<b>\$2,537,325</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$21,265,650</b>	<b>\$23,790,900</b>	<b>\$27,979,350</b>	<b>\$1,081,553</b>	<b>\$74,117,453</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$247 per SF</b>	<b>\$161 per SF</b>	<b>\$322 per SF</b>	<b>\$11 per SF</b>	<b>\$177 per SF</b>
<b>GOC Functions Occupancy %</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Capital Allocated to GOC Functions</b>	<b>\$21,265,650</b>	<b>\$23,790,900</b>	<b>\$27,979,350</b>	<b>\$1,081,553</b>	<b>\$74,117,453</b>



#### CAMPUS 1B – CONSOLIDATION ASSUMPTIONS

#### RENOVATE/UPGRADE OLD COURTHOUSE AND EXPAND ONE WEST

Following are the major economic assumptions made for the Campus 1B analysis.

#### PROJECTED TIMEFRAME

- Renovation of Old Courthouse Jan 2003 – Mar 2004; expansion of One West Apr 2004 – Jun 2005.
- Status quo is maintained in other GOC facilities for 30 months, then groups are relocated on a phased basis.

#### PROJECTED CURRENT OCCUPANCY COSTS

The Occupancy Costs below are projections to January 2003 for operating expenses, electricity, and the remaining debt service payments associated with specific County bonds identified by Nassau County that were used to finance previous capital improvements in the Old Courthouse and One West Street.

Variable	Old Courthouse	Expanded 1 West St.	DPW Shops, BOE Storage <sup>5</sup>
GOC Gross SF Occupied:	86,000	234,000	98,100
Per Gross SF Costs <sup>1</sup> :			
Operating Expenses	\$6.06	\$7.48	\$3.28
Real Estate Taxes	n/a	n/a	n/a
Electricity	\$1.94	\$1.77	\$1.06
GOC Functions Occupancy % <sup>2</sup>	100%	100%	100%
<u>Debt Allocations (millions) <sup>3</sup>:</u>			
Existing – Principal <sup>4</sup>	\$1.169	\$0.927	\$0.0
Existing – Total Debt Service	\$1.453	\$1.083	\$0.0
NIFA Debt – Principal	n/a	n/a	n/a

Note 1: 2001 costs as provided Nassau County, escalated to 2003 at 3% per year. If Operating Expense or Electricity costs were not provided, Insignia/ESG estimated a cost based on the range of expenses that were provided by the County for other properties.

Note 2: Portion of each building occupied by GOC functions as compared to uses for other Nassau County verticals.

Note 3: Debt Allocations included in the current costs of each building; Building total debt x GOC Functions Occupancy %

Note 4: Projected principal balance as of January 1, 2003. Excludes requisitions from NIFA Series 2000A, if any.

Note 5: Assumes DPW shops, maintenance and garage functions from 100 and 200 County Seat Drive, and BOE voting machine storage from 400 County Seat Drive will be relocated to another County-owned industrial/warehouse facility; location to-be-determined.



## PROJECTED CAPITAL BUDGET

- For One West expansion: 50% of capital for building improvements, technology and moving/transition is required in 2004, the balance in 2005; 25% of the capital for FF&E is required in 2004, the balance in 2005.
- Parking garage to be constructed in existing Police Headquarters parking lot, and accommodate 977 spaces.
- Capital costs are financed and amortized as described on Page 26.

<b>CAMPUS 1B CAPITAL BUDGET (\$ as of 2003)</b>	<b>Old Courthouse</b>	<b>One West (existing)</b>	<b>One West (new constr)</b>	<b>Police HQ Lot</b>	<b>DPW, BOE Storage</b>	<b>TOTAL</b>
GROSS BUILDING AREA (SF)	86,000	148,000	86,000		98,100	418,100
<b>BUILDING IMPROVEMENTS</b>						
Building Systems & Constr Fit-out	\$15,050,000	\$14,800,000	\$17,200,000	\$0	\$490,500	\$47,540,500
Parking - 977 space Garage	\$0	\$0	\$0	\$17,100,000	\$0	\$17,100,000
Consulting (10% of hard cost)	\$1,505,000	\$1,480,000	\$1,720,000	\$0	\$49,050	\$4,754,050
Contingency (5% of cost)	\$827,750	\$814,000	\$946,000	\$855,000	\$26,978	\$3,469,728
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$17,382,750</b>	<b>\$17,094,000</b>	<b>\$19,866,000</b>	<b>\$17,955,000</b>	<b>\$566,528</b>	<b>\$72,864,278</b>
<b>FF&amp;E</b>						
Furnishing & Equipment	\$1,720,000	\$2,960,000	\$1,720,000	\$0	\$0	\$6,400,000
Contingency (5% of cost)	\$86,000	\$148,000	\$86,000	\$0	\$0	\$320,000
<b>TOTAL FF&amp;E</b>	<b>\$1,806,000</b>	<b>\$3,108,000</b>	<b>\$1,806,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,720,000</b>
<b>INFORMATION TECHNOLOGY</b>						
Technology cabling / backbone	\$602,000	\$1,036,000	\$602,000	\$0	\$0	\$2,240,000
Technology Electronics & Equipment	\$860,000	\$1,480,000	\$860,000	\$0	\$0	\$3,200,000
Contingency (5% of cost)	\$73,100	\$125,800	\$73,100	\$0	\$0	\$272,000
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$1,535,100</b>	<b>\$2,641,800</b>	<b>\$1,535,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,712,000</b>
<b>MOVING &amp; TRANSITION COSTS</b>						
Moving & Storage	\$172,000	\$296,000	\$172,000	\$0	\$490,500	\$1,130,500
Transition Costs	\$172,000	\$296,000	\$172,000	\$0	\$0	\$640,000
Contingency (5% of cost)	\$17,200	\$29,600	\$17,200	\$0	\$24,525	\$88,525
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$361,200</b>	<b>\$621,600</b>	<b>\$361,200</b>	<b>\$0</b>	<b>\$515,025</b>	<b>\$1,859,025</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$21,085,050</b>	<b>\$23,465,400</b>	<b>\$23,568,300</b>	<b>\$17,955,000</b>	<b>\$1,081,553</b>	<b>\$87,155,303</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$245 per SF</b>	<b>\$159 per SF</b>	<b>\$274 per SF</b>		<b>\$11 per SF</b>	<b>\$208 per SF</b>
<b>GOC Functions Occupancy %</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Capital Allocated to GOC Functions</b>	<b>\$21,085,050</b>	<b>\$23,465,400</b>	<b>\$23,568,300</b>	<b>\$17,955,000</b>	<b>\$1,081,553</b>	<b>\$87,155,303</b>



#### CAMPUS 1C – CONSOLIDATION ASSUMPTIONS

#### RENOVATE/UPGRADE OLD COURTHOUSE AND BUILD A NEW ONE WEST

Following are the major economic assumptions made for the Campus 1C analysis.

#### PROJECTED TIMEFRAME

- Renovation of Old Courthouse Jan 2003 – Mar 2004; demolition and reconstruction of One West Apr 2004 – Sep 2005.
- Status quo is maintained in other GOC facilities for 33 months, then groups are relocated on a phased basis.

#### PROJECTED CURRENT OCCUPANCY COSTS

The Occupancy Costs below are projections to January 2003 for operating expenses, electricity, and the remaining debt service payments associated with specific County bonds identified by Nassau County that were used to finance previous capital improvements in the Old Courthouse and One West Street.

Variable	Old Courthouse	New 1 West St.	DPW Shops, BOE Storage <sup>5</sup>
GOC Occupied Gross SF:	86,000	224,000	98,100
Per Gross SF Costs <sup>1</sup> :			
Operating Expenses	\$6.06	\$7.48	\$3.28
Real Estate Taxes	n/a	n/a	n/a
Electricity	\$1.94	\$1.77	\$1.06
GOC Functions Occupancy % <sup>2</sup>	100%	100%	100%
<u>Debt Allocations</u> <sup>3</sup> :			
Existing – Principal <sup>4</sup>	\$1.169	\$0.927	\$0.0
Existing – Total Debt Service	\$1.453	\$1.083	\$0.0
NIFA Debt – Principal	n/a	n/a	n/a

Note 1: 2001 costs as provided Nassau County, escalated to 2003 at 3% per year. If Operating Expense or Electricity costs were not provided, Insignia/ESG estimated a cost based on the range of expenses that were provided by the County for other properties.

Note 2: Portion of each building occupied by GOC functions as compared to uses for other Nassau County verticals.

Note 3: Debt Allocations included in the current costs of each building; Building total debt x GOC Functions Occupancy %

Note 4: Projected principal balance as of January 1, 2003. Excludes requisitions from NIFA Series 2000A, if any.

Note 5: Assumes DPW shops, maintenance and garage functions from 100 and 200 County Seat Drive, and BOE voting machine storage from 400 County Seat Drive will be relocated to another County-owned industrial/warehouse facility; location to-be-determined.



## PROJECTED CAPITAL BUDGET

- For One West demolition and reconstruction: 50% of capital for building improvements, technology and moving/transition is required in 2004, the balance in 2005; 25% of the capital for FF&E is required in 2004, the balance in 2005.
- Parking garage to be constructed in existing Police Headquarters parking lot, and accommodate 977 spaces.
- Capital costs are financed and amortized as described on Page 26.

<b>CAMPUS 1C CAPITAL BUDGET (\$ as of 2003)</b>	<b>Old Courthouse</b>	<b>One West (new constr)</b>	<b>Police HQ Lot</b>	<b>DPW, BOE Storage</b>	<b>TOTAL</b>
GROSS BUILDING AREA (SF)	86,000	224,000		98,100	408,100
<b>BUILDING IMPROVEMENTS</b>					
Building Systems & Constr Fit-out	\$15,050,000	\$44,800,000	\$0	\$490,500	\$60,340,500
Demolition Costs	\$0	\$2,220,000	\$0	\$0	\$2,220,000
Parking - 977 space Garage	\$0	\$0	\$17,100,000	\$0	\$17,100,000
Consulting (10% of hard cost)	\$1,505,000	\$4,702,000	\$0	\$49,050	\$6,256,050
Contingency (5% of cost)	\$827,750	\$2,586,100	\$855,000	\$26,978	\$4,295,828
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$17,382,750</b>	<b>\$54,308,100</b>	<b>\$17,955,000</b>	<b>\$566,528</b>	<b>\$90,212,378</b>
<b>FF&amp;E</b>					
Furnishing & Equipment	\$1,720,000	\$4,480,000	\$0	\$0	\$6,200,000
Contingency (5% of cost)	\$86,000	\$224,000	\$0	\$0	\$310,000
<b>TOTAL FF&amp;E</b>	<b>\$1,806,000</b>	<b>\$4,704,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,510,000</b>
<b>INFORMATION TECHNOLOGY</b>					
Technology cabling / backbone	\$602,000	\$1,568,000	\$0	\$0	\$2,170,000
Technology Electronics & Equipment	\$860,000	\$2,240,000	\$0	\$0	\$3,100,000
Contingency (5% of cost)	\$73,100	\$190,400	\$0	\$0	\$263,500
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$1,535,100</b>	<b>\$3,998,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,533,500</b>
<b>MOVING &amp; TRANSITION COSTS</b>					
Moving & Storage	\$172,000	\$448,000	\$0	\$490,500	\$1,110,500
Transition Costs	\$0	\$0	\$0	\$0	\$0
Contingency (5% of cost)	\$8,600	\$22,400	\$0	\$24,525	\$55,525
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$180,600</b>	<b>\$470,400</b>	<b>\$0</b>	<b>\$515,025</b>	<b>\$1,166,025</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$20,904,450</b>	<b>\$63,480,900</b>	<b>\$17,955,000</b>	<b>\$1,081,553</b>	<b>\$103,421,903</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$243 per SF</b>	<b>\$283 per SF</b>		<b>\$11 per SF</b>	<b>\$253 per SF</b>
<b>GOC Functions Occupancy %</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Capital Allocated to GOC Functions</b>	<b>\$20,904,450</b>	<b>\$63,480,900</b>	<b>\$17,955,000</b>	<b>\$1,081,553</b>	<b>\$103,421,903</b>



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## SUMMARY OF FINANCIAL RESULTS

The following two summary tables compare the overall financial results of these four scenarios, on both a Total Cost (total dollars expended) basis and Net Present Value (Discounted Cash Flow) basis, over the 2003-2022 (20-year) period. The detailed financial analysis for each scenario is provided in Insignia/ESG's "Financial Analysis for Alternative Occupancy Scenarios" for the Government Operations Center, which is included as a separate supplement to this report.

PLEASE NOTE THAT THESE RESULTS ARE THE COSTS ALLOCABLE ONLY TO THE GOVERNMENT OPERATIONS CENTER FUNCTIONS. Costs attributable to other county functions that may share the same facility are not included in these financial results, but will be included in the relevant consolidation plan for those other functions.

While all relevant operating expenses have been included (as provided by Nassau County), there are other potential recurring benefits that have not been quantified. The costs below do not reflect potential cost savings from upgrading the base building mechanical plant. While new, more efficient systems will likely produce operating cost reductions, more detailed study is required to determine the magnitude of the potential benefit. The potential economic benefits of improved employee productivity that could result from improved departmental adjacencies and an improved work environment has also not been quantified.

The first table, *Summary: Total Costs*, compares the net overall scenario costs for the 20-year period on a nominal dollar basis. In the case of Campus 1A and 1B, the total outlays are favorable when compared with the Base Case. Campus 1C exceeds the Base Case by 22%.

**Summary: Total Costs**

Occupancy Scenario (\$ million except SF)	Gross SF Required	Total Occupancy Costs <sup>1</sup>	New Capital Costs (as financed) <sup>2</sup>	Total Net Cost <sup>3, 4</sup>
Base Case	591,086	\$ 138.2	\$ 70.3	\$ 208.5
1A: Consolidate into Old Courthouse, One West St., and former Police HQ	419,100	\$ 94.2	\$ 114.5	\$ 208.7
1B: Consolidate into Old Courthouse and Expanded One West St.	418,100	\$ 92.9	\$ 129.6	\$ 222.5
1C: Consolidate into Old Courthouse and New One West St.	408,100	\$ 91.4	\$ 147.2	\$ 238.6

## Notes:

<sup>1</sup> Total Occupancy Cost is the total projected cash costs of operating expenses, electricity, real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> New Capital Costs (as financed) is the fully-amortizing debt service cost (principal + interest) associated with the financing of all new capital costs required to upgrade the facilities. Amount represents the pro rata share allocable to GOC functions. Only the costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital improvements may be financed over 30 years. Assumes all capital investment is financed over appropriate PPU's consistent with Local Finance Law at the following rates: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with the borrowing assumptions of the Multi-Year Financial Plan 2003-2006). Capital estimates by Advocate Consulting are provided in the Appendix.

<sup>3</sup> Total Net Cost is the sum of Total Occupancy Costs and New Capital Costs (as amortized),.

<sup>4</sup> If short-term swing space is not available in existing County-owned buildings, then total costs could increase by \$7.5 to \$10.0 million in each scenario.

These results indicate that, in terms of the total cost outlay, a consolidation of GOC operations would result in a significant occupancy costs savings, largely as a result of the reduction in the overall area needed. The reduced area under Consolidation Scenarios 1A – 1C is attributable to a number of factors: (a) projected headcount reductions, (b) reconstruction of the old office spaces and implementation of more efficient space standards, (c) in some cases, expanded or new larger floorplates would be expected to allow more efficient workstation and office configurations, and (d) elimination of duplicate support areas and staff otherwise required in multiple locations. Although substantially more capital would be required to effect a consolidation, the combination of annual occupancy cost savings and the application of net disposition proceeds from asset sales work together to offset a large portion that requirement.



The second table, *Summary: NPV Costs*, compares the net overall scenario costs for the 20-year period on a net present value basis, discounted to January 2003 using a discount rate of 5.5% as directed by Nassau County. From an NPV standpoint, the financial results and conclusions are similar to that of the Total Costs comparison. These NPV results correlate well with the Total Cost results. Although net disposition proceeds (described below) do not fully cover the capital funds required for the consolidations, occupancy cost reductions generate substantial savings.

### Summary: NPV Costs

Occupancy Scenario (\$ million except SF)	Gross SF Required	NET PRESENT VALUE (at 5.5% Discount Rate)		
		Total Occupancy Costs <sup>1</sup>	New Capital Costs (as financed) <sup>2</sup>	Net Cost <sup>3, 4</sup>
Base Case	591,086	\$ 80.8	\$ 44.0	\$ 124.8
1A: Consolidate into Old Courthouse, One West St., and former Police HQ	419,100	\$ 57.6	\$ 68.3	\$ 125.9
1B: Consolidate into Old Courthouse and Expanded One West St.	418,100	\$ 56.1	\$ 72.2	\$ 128.3
1C: Consolidate into Old Courthouse and New One West St.	408,100	\$ 55.8	\$ 80.1	\$ 135.9

#### Notes:

<sup>1</sup> Total Occupancy Cost is the total projected cash costs of operating expenses, electricity, real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> New Capital Costs (as financed) is the fully-amortizing debt service cost (principal + interest) associated with the financing of all new capital costs required to upgrade the facilities. Amount represents the pro rata share allocable to GOC functions. Only the costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital improvements may be financed over 30 years. Assumes all capital investment is financed over appropriate PPU's consistent with Local Finance Law at the following rates: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with the borrowing assumptions of the Multi-Year Financial Plan 2003-2006). Capital estimates by Advocate Consulting are summarized in Section III-D; the detail estimates are provided in the Appendix.

<sup>3</sup> Total Net Cost is the sum of Total Occupancy Costs and New Capital Costs (as amortized).

<sup>4</sup> If short-term swing space is not available in existing County-owned buildings, then total costs could increase by \$7.5 to \$10.0 million in each scenario.



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## FINANCING STRATEGIES

### (ALTERNATIVE SOURCES OF CAPITAL)

The net proceeds from the disposition of surplus properties alone might not be sufficient to fully offset the new capital spending required to implement any of the above scenarios. Although the analysis has assumed that capital costs are financed beginning at an interest of 5.32% in 2003, 6.31% in 2004-2005, and rising to 6.84% after 2005, it is preferable to the County that other sources of funds be utilized to minimize the net amount funded through additional debt. Following are several possible alternative sources of funds, although each must be investigated further to determine the potential value associated with each.

- *Operating Cost Savings* -- Although savings from the reduction of operating costs will be realized, we assume that they will accrue to the benefit of the County's general fund, unless a mechanism is created such that any savings in the County budget for operation of its facilities will flow, on an annual basis or sooner, into a separate fund for utilization for consolidation expenses.
- *Sale/leasebacks* – Although more problematic for the County to implement, a sale/leaseback could generate substantial capital during a short period of time. However, while the sale proceeds would be used to offset the costs of new capital improvements to upgrade facilities, the requisite rent payments (and real estate taxes, if applicable to the County under a lease) would have a negative impact on the general fund. Also, a new owner would price the rent and purchase price in relationship to each other to achieve a risk-adjusted real estate return which would likely be higher than the interest rates used to finance the improvements in the financial modeling.
- *Other County-owned land and tax lien land* – Insignia/ESG has performed a preliminary review of the County's land list of approximately 1,421 County-owned parcels and tax lien properties that are each less than 2 acres in area. Each parcel will be categorized into one of eight types of property: tax deeds, village liens, watershed properties, wetlands, storm water basins, parks, preserves, and drainage basins. This review has already found that 1,065 of these properties are under 6,000 square feet each, and are therefore not developable. While Insignia/ESG is still evaluating the rest of the properties, we expect the potential value to the County to be limited due to the size, physical characteristics, and/or wetlands conditions of the properties.



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As part of its ongoing strategic planning effort, Insignia/ESG will continue to investigate the feasibility of different financing strategies. In reality, once the County has provided its preferred direction on the various consolidation plans, the magnitude of the overall capital funding shortfall will be more accurately estimated, and various funding approaches evaluated for the County's real estate requirements as a whole, not just plan-by-plan.

Another important consideration is what constraints does NIFA put on the availability of its internal funds, and Nassau County's flexibility to pursue alternative financing strategies that result in higher cost debt.



## IV. Public Safety Center

### A. Current Situation – Public Safety Center Facilities

The Public Safety (“PSC”) properties, which are spread around the County, are presently housed in a total of nine owned and three leased properties comprising approximately 501,469 gross square feet. Most of Nassau County’s police, fire, and emergency operations functions are currently housed in seven main facilities described below. A brief discussion follows for each of the major buildings; a more extensive overview of existing conditions for the Police Headquarters, the Old Courthouse, and 1255-1275 Newbridge Road can be found in the initial, macro-level architectural, mechanical and environmental evaluations (the “Building Evaluations Report”) completed by HLW, JB&B, and Ambient Group, respectively, whose collective report is included as a supplement to this Strategic Consolidation Plan.

#### Police Headquarters, 1490 Franklin Avenue, Mineola

Area - Gross SF	146,817 square feet <sup>1</sup>	OWNED
Area - Usable SF	124,794 square feet <sup>1</sup> .	
PSC Users (% of space)	Police Department	100%



<sup>1</sup> As measured by HLW from CAD plans supplied by Nassau County.

#### Police Emergency Operations Center, 1490 Franklin Avenue, Mineola

Area - Gross SF	20,794 square feet <sup>1</sup>	OWNED
Area - Usable SF	16,612 square feet <sup>1</sup> .	
PSC Users (% of space)	Emergency Operations	100%

<sup>1</sup> As measured by HLW from CAD plans supplied by Nassau County.

The Police Headquarters, originally built in 1929 in the same style as the Old Courthouse, was expanded in 1958 with a two-story garage and a training office. A 455-space parking lot behind the building provides parking for Police Headquarters, the Old Courthouse and One West Street. Additional parking, in the form of 236 spaces, is located in a 2.07 acre lot at the southwestern corner of the intersection of



14<sup>th</sup> Street and Golf Club Lane.

The Emergency Operations Center (“EOC”) is a below-ground bunker that handles 911 and Emergency Management communications and functions. In a discussion with the Deputy County Executive for Public Safety, it was indicated that there are reasons to locate the EOC separately from the Police Headquarters. In addition, the Emergency Management component of the EOC, while small today, is expected to grow in the next few years to a staff of approximately 28. There is a potential to separate this Emergency Management function from the EOC as its roles expand.

The major facilities upgrades required for the County’s long-term use as described in the Building Evaluations Report are summarized below:

- A new 500-ton HVAC plant is recommended to improve climate control.
- The building’s electrical systems should be replaced and updated
- The building should be fully sprinklered.
- Provide ADA toilets, electric water coolers, new fixtures and mixing valves on the hot water heater outlets.
- New force mains are required for the sanitary system.

### Old Courthouse, 1550 Franklin Avenue, Mineola

Area - Gross SF	134,984 square feet <sup>1</sup> .	OWNED
Area - Usable SF	73,888 square feet <sup>1</sup> .	
PSC Users (% of space)	Information Systems Bureau	9.3%
Other Users (% of space)	Information Technology	27.0%
	Health & Human Services	12.8%
	Dept. of General Services	23.5%
	Dept. of Public Works	22.4%
	Other Offices	5.0%
	Total	90.7%



<sup>1</sup> As measured by HLW from CAD plans supplied by Nassau County.

The Old Courthouse, a local landmark, is presently in the initial stage of a historical renovation to restore its original 1900 design as supplemented by wing additions in 1916. The first phase, the restoration of the building’s dome, has recently been completed and the building re-dedicated as the Theodore Roosevelt Executive &



Legislative Building. Future restoration plans, when they proceed, call for the removal of additions that were made over time to the original structure. If renovated as is contemplated, the facility's size will be reduced to approximately 86,000 gross square feet.

The major facilities upgrades required for the County's long-term use as described in the Building Evaluations Report are summarized below:

- A new 400-ton HVAC plant is recommended to improve climate control.
- The building requires many cosmetic and building code upgrades as well as numerous system updates including fire alarm, branch circuit distribution, and egress lighting.
- The building should be fully sprinklered.
- Provide ADA toilets, electric water coolers, new fixtures and mixing valves on the hot water heater outlets.

### 1255-1275 Newbridge Road, North Bellmore

Area – Gross SF	86,460 square feet <sup>1</sup>	OWNED
PSC Users	Vehicle & Motorcycle Storage	58.7%
(% of space)	Building Maintenance Unit	23.5%
	Electronics Squad & Garage	4.0%
	Robbery Squad	2.9%
	All Others	10.9%
	Total	100.0%



<sup>1</sup> As estimated by Nassau County Department of Public Works; includes mezzanine area. CAD plans supplied by Nassau County were not to scale; measurement not confirmed by HLW.

1255-1275 Newbridge Road is a one-story building presently used by the Police Department for predominantly for garage and vehicle maintenance functions. Office uses comprise only about 10,000 square feet. Parking is all surface, with an area for motorcycles and emergency vehicles. This facility is in a predominantly retail area, and is adjacent to a shopping center.

Upon inspection, the building's electrical and life safety infrastructure appeared functional, and the plumbing and standpipe systems are in fairly good condition. The major facilities upgrades required for the County's long-term use as described in Building Evaluations Report are summarized below:



- May require revision of the secondary electrical distribution.
- Replace gasoline fuel storage tank and underground fuel piping if not double-wall construction.

## Hangar #7, Bethpage

Area – Gross SF	95,000 square feet <sup>1</sup> .	OWNED
PSC Users (% of space)	Fleet Maintenance	89.0%
	Miscellaneous Uses	11.0%
	Total	100.0%



<sup>1</sup> As provided by Nassau County Department of Public Works. Measurement not confirmed by HLW.

Hangar #7 is a multi-use property. Predominantly, it is the location of the Police Aviation maintenance, as well as some vehicular maintenance. There are also some other office uses.

The physical condition of Hangar #7 was not reviewed in the Building Evaluations Report.

## St. Brigid's Convent, Westbury

Area – Rentable SF	15,034 square feet <sup>1</sup> .	LEASED
Area – Net SF	13,426 square feet <sup>2</sup> .	
Lease Expiration	Feb 28, 2006	3.4 years remain.
Landlord	St. Brigid's Church	
PSC Users (% of space)	Bureau of Special Operations	40%
	Juvenile Aid Bureau	35%
	Police Activity League Unit	9%
	Planning Bureau	9%
	Procedure Development Unit	7%

<sup>1</sup> From "County as Tenant" list provided by Nassau County Department of Public Works. Not confirmed by HLW.

<sup>2</sup> Estimated usable square feet as provided by Art-of-Form Architects. Measurement not confirmed by HLW.

The County leases space at St. Brigid's Convent for several police functions. The Bureau of Special Operations and the Juvenile Aid Bureau are the primary occupants.

St. Brigid's was not reviewed in the Building Evaluations Report.



## 970 Brush Hollow Road, New Cassel

Area – Gross SF	11,245 square feet <sup>1</sup> .	OWNED
Area – Usable SF	10,480 square feet <sup>1</sup> .	
PSC Users (% of space)	Crimes Against Property Squad	100%

<sup>1</sup> As measured by HLW from CAD plans supplied by Nassau County.



970 Brush Hollow Road is presently used by the Police Department's Crimes Against Property squad as a storage site for property crimes evidence. The facility has several loading bays in the garage portion of the building. The physical condition of 970 Brush Hollow Road was not reviewed in the Building Evaluations Report.

## Building #113, Nassau Community College

Area – Gross SF	13,600 square feet <sup>1</sup> .	OWNED
PSC Users (% of space)	Property / Evidence Storage	100%

<sup>1</sup> As provided by Nassau County Department of Public Works. Measurement not confirmed by HLW.



Building #113 was built in the 1940's as an NCO quarters. It is presently used by the Police Department for evidence storage. In discussions with the Deputy County Executive for Public Safety, it was indicated that this facility is not a strategic asset and could be considered for disposition once an alternative location is found for evidence storage, and the processing of stolen bicycles is decentralized. Much of the current storage is used for recovered bicycles, which the County intends to auction.

Although Building #113 was not reviewed in the Building Evaluations Report, JB&B's brief inspection found that any programmatic change in the facility's use would require new mechanical, electrical, plumbing and fire/life safety systems.



In addition to the above facilities, the County houses various other Police and Public Safety functions at the following shared locations. These facilities were not reviewed in the Building Evaluations Report because the PSC functions comprise only a small portion of the total area of these facilities, and these buildings are not the prime focus of any of the consolidation plans.

### SHARED FACILITIES / OWNED

Facility	Public Safety Function	Usable SF <sup>1</sup>	Gross SF <sup>2</sup>
Nassau Community College	Applicant Investigation Unit	1,800	2,160
	Recruiting	1,100	1,320
	Property Bureau (storage)	14,280	15,710
Nassau University Medical Center	Police/Fire/EMS Academy	5,500	6,600
	Emergency Ambulance Bureau	3,825	4,600
Nassau County Jail	Police Academy	29,500	35,400
ESTIMATED TOTAL SF		56,005	65,790

<sup>1</sup> Estimated usable SF as provided by Art-of-Form Architects and Police Department; not confirmed by HLW.

<sup>2</sup> Estimated gross SF based on add-on factors suggested by HLW.

### SHARED FACILITIES / LEASED

Facility	Public Safety Function	Usable SF <sup>1</sup>	Gross SF <sup>2</sup>	Lease Expir.
1425 Old Country Road, Bldg G	Community Projects Bureau	2,000	2,400	Dec 23, 2019
	Employee Assistance Office	1,000	1,200	
A Holly Patterson 899 Jerusalem Avenue	Arson/Bomb Squad	1,012	1,215	Month-to-month
	Fire Marshall	5,400	6,480	
	Fire Marshall (storage)	19,774	22,880	
ESTIMATED TOTAL SF		29,186	34,175	

<sup>1</sup> Estimated usable SF as provided by Art-of-Form Architects and Police Department; not confirmed by HLW.

<sup>2</sup> Estimated gross SF based on add-on factors suggested by HLW.



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## B. Operational & Qualitative Issues

Following are some of the major operational and qualitative issues that were identified or raised during the course of our analysis period. Most of these issues are related to the physical condition of the Police and Public Safety facilities, and should be part of all Nassau County decisions on how to manage its facilities prospectively irrespective of whether it elects to continue to operate as-is or to consolidate into a redefined Public Safety Center campus.

Advocate Consulting, HLW, JB&B, and Ambient toured many of the major facilities with Insignia/ESG and Nassau County representatives as part of an initial due diligence during the first 30 days of this strategic planning effort. Given the timeframe to complete this plan, such tours were necessarily macro in scope. The intent of the tours was to identify only the major operational or physical problem areas that would have a direct impact on the cost and viability of each major building's continued use and operation within the context of each occupancy scenario.

While a comprehensive list of upgrades and renovations has been recommended by the engineers and architect in the Building Evaluations Report to address the most significant building issues (and therefore the most costly to remedy) in each of the major facilities, there are potentially additional issues that would be identified by a more exhaustive review. Once a specific course of action is agreed upon, Nassau County should authorize a more thorough due diligence for each building to provide a more comprehensive compilation of existing building conditions and allow more detailed cost estimates to be developed.

The major issues are described below. The remedy, and the costs thereof, vary by scenario and are described for each in the Financial Analysis section.

- **New Requirements** – According to HLW, discussions with representatives have expressed a current need for an additional 52,400 gross square feet for several functions, the most significant of which are: 26,000 gross square feet for an expansion of crime labs to address concerns required to maintain accreditation; an expanded presence for the Emergency Operations / Emergency Management Center of approximately 13,000 gross square feet, and a separate, 5,000 gross square foot data center for the Police. Because the County has not yet made a commitment to proceed with these requirements, we have not modeled them into any of the scenarios. The County's ability to afford such expansion must be discussed and resolved internally by Nassau County, but should be done so in a



proactive manner as to not delay design and construction drawings for the alternative that is ultimately chosen.

- **Parking** – The availability of parking has been expressed by Nassau County as one of the most challenging problems of its Mineola campus. In addition to the Police Headquarters, parking shortfalls also affect the current operations of the Government Operations Center, the Courts, and the Social Services Building. As long as the Police Headquarters and Government Operations Center remain in close proximity to each other, parking shortages will remain. However, if only one or the other remains, parking would be greatly improved for the remaining operation.

For the current Police Headquarters facilities, for example, the average parking density is 4.3 spaces per 1,000 SF based on 455 spaces in the adjacent lot, and the building's above grade area (6.6 spaces per 1,000 SF when the 236 spaces in the lot next to the Garden City Golf Club are included). In reality, however, parking is much more dense and problematic, as employees housed in One West Street and the Old Courthouse also utilize these same lots because of the on-site parking deficiencies at those two locations. In some instances, Police Headquarters employees overflow to other lots and on-street parking, forcing employees and visitors to often park blocks from their intended locations. Surface parking lots adjacent to Police Headquarters present availability ranges from 0.82 spaces per 1,000 SF at 240 Old Country Road to 4.0 spaces per 1,000 SF at 400 County Seat Drive. For comparison, current market expectations are for 4.0 spaces per 1,000 SF for typical office uses. Addressing this chronic parking problem in the Mineola complex was an objective stated by Nassau County.

- **Building Systems** – The building systems of the current Police Headquarters facility, as pointed out in the accompanying Building Evaluations Report and summarized in Section IV-A, require significant upgrades to bring the facility and its equipment infrastructure up to acceptable performance levels, improve operating efficiency, and to ensure long-term performance. While many of the systems are in working order today, their age and past deferred maintenance are bound to take a toll. Efficient building systems are also important to improve the employee work environment. In several cases, HVAC is inadequate or limited to window or roof-top units. By upgrading to a central building system (in those cases where justified by the building size), improved distribution and air quality can be realized for the benefit of all occupants.
- **Information Technology** – The County Executive has expressed a desire to upgrade the County's information technology infrastructure to allow all



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employees to work more efficiently, to more quickly access County data, and to generally provide a higher level of service to County residents. Each occupancy scenario assumes a technology upgrade to a current standard defined as acceptable by Nassau County.

- **Environmental** – While not a significant existing problem for current PSC facilities, there are instances where environmental issues such as asbestos insulation, fireproofing or floor tiles could become exacerbated by the renovation work contemplated across all of the occupancy scenarios. Each plan assumes that any asbestos-containing materials or other hazardous materials will be removed during the building renovations.
- **ADA Compliance** – As outlined in Section IV-A, there are some instances where ADA upgrades will be required in coordination with the construction or renovation of the County’s facilities. It is assumed that the County would provide reasonable accommodations to comply with the legislation.
- **Headcounts and space standards** – As part of the County’s fiscal recovery plan, headcount reductions are expected across most areas of County government. As built today, the current facilities have not adhered to any consistent or uniform space standards in the construction of office space. There are both areas that are configured inefficiently from an space utilization standpoint, and areas where employees are housed in much denser configurations than would normally be expected. Although in the Base Case scenario we have made the assumption that existing office/workstation layouts will not be reconfigured, in the consolidation scenarios it is assumed that, in coordination with the base building system work, new uniform space standards will be applied across the PSC functions to realize more space efficiency and create flexibility for future configurations.



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## C. Scenario Planning

In general, the objective of Scenario Planning is to explore a range of occupancy strategies, timing and alternative deal structures, and to detail the opportunities and risks in a clear and concise manner. The implications of various real estate occupancy strategies and the disposition opportunities that might coincide with them are analyzed and explored.

While there are many scenarios that can be analyzed, given the number of facilities owned by Nassau County, this initial planning effort for the PSC focuses on a manageable number of options as identified by Nassau County, any of which could be implemented. Because of the number of owned facilities involved, variations on the occupancy strategy chosen will have a direct impact on the timing and selection of specific disposition alternatives. Once the County selects a preferred PSC strategy, variations can be further explored and, if applicable, a variety of deal structures developed to evaluate the most economical implementation for Nassau County.

PLEASE NOTE: This Scenario Planning effort for the Public Safety Center does not include a study of the merits or costs of a new Police/Emergency radio communications tower. From prior conversations with the County, Insignia/ESG understands that a separate needs assessment has been independently completed by the County, and the costs of such an undertaking have been estimated at \$60 million.

Following are descriptions for both the Base Case and alternative occupancy scenarios of consolidation which were developed with the County's input.



## BASE CASE SCENARIO

The purpose of the Base Case is to establish a benchmark cost against which all other scenarios can be compared. In the Base Case, we assumed that all Police and Public Safety groups would remain in their present locations. The current Police and Public Safety functions considered for the PSC consolidation project are currently located at the following sites:

PRIMARY BUILDINGS	Building Gross SF	PSC Functions in Occupancy	PSC % of Building <sup>2</sup>	PSC Occupied Gross SF
Police Headquarters	167,611	Headquarters	100.0%	167,611
Old Courthouse	134,984	Information Technology	9.3%	12,554
1255-1275 Newbridge	86,460	Vehicle & Motorcycle Storage, Building Maintenance, Electronics Squad, others	100.0%	86,460
970 Brush Hollow Rd	11,245	Crimes Against Property	100.0%	11,245
Hangar #7	95,000	Aviation & Fleet Maintenance, Miscellaneous Uses	100.0%	95,000
Building #113	13,600	Property / Evidence Storage	100.0%	13,600
St. Brigid's <sup>1</sup>	15,034	Special Ops, Juvenile Aid, Planning Bureau, Procedure Development, PAL	100.0%	15,034
NCC, NUMC, NC Jail	----	Applications, Recruiting, Police Academy, Property Bureau	---	65,790
1425 Old Country Rd, A Holly Patterson	----	Community Affairs, Employee Assistance, Arson/Bomb, Fire Marshall	-----	34,175
TOTAL PSC BASE CASE GROSS SF OCCUPIED				501,469

Note 1: St. Brigid's area is denoted in rentable square feet, based on the lease.

Note 2: Percent of Building used by Public Safety functions; balance of building used by Government Operations Center vertical.

Geographically, these buildings are spread around the County, with only the Police Headquarters and Information Technology functions located in the County's Mineola Campus.

From a building operations standpoint, the Base Case assumes that the base building system and technology upgrades (identified by JB&B and HLW as necessary in the Building Evaluation Report) are operationally necessary for the Police Headquarters building, and are completed by the County to improve the work environment.

However, the Base Case differs from the Consolidation cases in that the building interiors are not renovated or rebuilt to meet more efficient space standards, and furniture is not replaced. In effect, the interiors remain as they are currently.



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Also, in the Base Case, it is assumed that the historical renovation to the Old Courthouse is not undertaken. It remains approximately 135,000 gross SF. No costs are included in the Base Case to remedy the persistent parking shortfalls in and around the Police Headquarters (since a specific GOC strategic alternative has not been yet selected by the County).

A schedule of the Base Case capital costs, as estimated by Advocate Consulting Group, is provided in Section IV-D. This preliminary budget estimates that \$15.3 million would be required for these building upgrades to the Police Headquarters, and additional capital would be required for minor renovations in the other PSC properties. Note that these estimates are in 2003 dollars; in the financial analysis, these capital costs are spread across several years and are therefore adjusted for inflation at the rate of 3% per year.

#### CONSOLIDATION SCENARIOS

The purpose of the Consolidation Scenarios is to identify alternative housing arrangements that provide for more efficient use of space and can achieve substantial consolidation of as many of the main Public Safety Center functions as possible into a single location. These scenarios are anchored around a new, single location for the Public Safety Center, but with continued use of Hangar #7. In the period of time allotted by the County, we have provided a macro-level evaluation and analysis of several options that could be viewed as representative for Consolidation scenarios as a whole.

For purposes of this plan, Nassau County has specified that the following groups, currently housed in the buildings outlined under the Base Case scenario above, are to be considered for consolidation into the Public Safety Center.

Current Location	PSC Functions	Current Headcount <sup>1</sup>
Police Headquarters	All groups	346
Old Courthouse	Information Technology	13
1255-1275 Newbridge Rd (N. Bellmore)	All groups except Electronics Squad	61
970 Brush Hollow Road	Crimes Against Property Storage	not known
Building #113	Property / Evidence Storage	not known
St. Brigid's Convent	Special Ops, Juvenile Aid, Planning Bureau, Procedure Development, PAL	35
Nassau Community College	Recruiting, Applicant Investigation	18
1425 Old Country Road (Plainview)	Community Affairs Unit	3
A Holly Patterson	Arson/Bomb Squad, Fire Marshall	126
<b>TOTAL PSC STAFF</b>		<b>602</b>

Note 1: Estimated headcount supplied to HLW by Art-of-Form Architects and Police Department representatives.

Through previous discussions with representatives of the Police Department and the Deputy County Executive for Public Safety, the following uses were described as requiring a location separate from the PSC:

Other Public Safety Functions	Current Headcount <sup>1</sup>	Current Location	Potential Location
Vehicle and Aviation Maintenance	not known	Hangar #7	Hangar #7
Employee Assistance Office	6	1425 Old Country Rd, Plainview	To be determined.
Narcotics/Vice Squad	29	Various	To be determined.
Electronics Squad	5	1255-1275 Newbridge Rd	Hangar #7
Police Academy	not known	Jails Complex	Jails Complex
Fire/EMS Academy	not known	Nassau University Medical Center	Nassau University Medical Center
<b>TOTAL OFF-SITE STAFF</b>	<b>40 ++</b>		

Note 1: Estimated headcount supplied to HLW by Art-of-Form Architects and Police Department representatives.

The occupancy and operational profiles for each consolidation scenario are described below. Most of the financial assumptions, including all of the renovation and other capital costs, are detailed in the Financial Analysis section.



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The structure of each consolidation scenario assumes the following:

- Although it is a costly proposition, the new Public Safety Center in each of the three consolidation scenarios will be characterized by new base building systems (HVAC, mechanical, electrical, and plumbing). Whether installed by the County at Grumman #5 or on the County's behalf in a build-to-suit facility, or already existing at a facility that the County could lease, such improved systems will enhance the work environment and will likely be less costly to operate given recent technological improvements. Each building's technology infrastructure will be built-out to what is perceived to be an acceptable standard today as agreed to by Nassau County, and any hazardous materials (as identified by Ambient Group) in the buildings are removed.
- The interior spaces would be newly built, and more efficient space standards as agreed to by HLW and Nassau County representatives are implemented to target an overall density of 200 usable SF per person in the Public Safety Center. New furniture systems are installed.

#### CONSOLIDATION 2A – CONSOLIDATE INTO GRUMMAN BUILDING #5

Consolidation 2A primarily utilizes one of the buildings acquired from Grumman and the U.S. Navy to create a centralized facility for Public Safety. This site has adequate parking to address all of the Public Safety Center's needs. This consolidated facility will require approximately 327,255 gross square feet, according to HLW, and will include the main Police Headquarters operation, a new EOC command bunker, crime labs, a crimes against property / evidence storage area, and garages. With a total area of 827,500 square feet including the mezzanine, Grumman #5 has the flexibility to accommodate future PSC requirements at a relatively low cost.

#### *Conceptual Schedule*

The following preliminary schedule describes a potential timeline for the implementation of the Consolidation 2A plan. These construction/renovation time periods are estimates provided by Advocate Consulting in conjunction with Nassau County and are based on what would be required for a typical corporate build-out. For purposes of the comparative financial analysis, it is assumed that the consolidation project is initiated on January 1, 2003 (although a different date could be chosen as a reference point). This schedule encompasses approximately 30 months from initial planning work to occupancy, and begins with the



architectural space programming effort to determine the target space requirements for each PSC function, including both office space and other ancillary uses. It is assumed that the environment impact of the County's consolidation will be completed pursuant to SEQRA during the first 9 months of the schedule coincidental with the programming and design work. While much of this timing is within the County's control, it is our understanding that the SEQRA process could take up to 6 months.

<b>CONSOLIDATION 2A – Estimated Construction Schedule</b>	
<i>Timing</i>	<i>Activity</i>
3 mos.	Space programming to determine specific departmental space requirements, floor layout and migration plan.
6 mos.	Planning & Design phase <ul style="list-style-type: none"> <li>Assumes all consultants have been selected, and contracts approved.</li> <li>County drafts contractors' contract to be included in bid package.</li> <li>Background and ethics checks are performed by the County on potential bidders.</li> <li>Construction documents are completed, and bid packages distributed.</li> </ul>
2 mos.	Bidders tour Grumman #5 and prepare bid responses.
2 mos.	County review of bid submissions, leveling of costs, and selection of a recommended contractor.
1 mo.	Obtain County Legislature approval of Contractor.
2 mos.	Contract negotiation.
1 mo.	Obtain approval of contract by County Legislature, County Attorney and County Comptroller.
12 mos.	Construction Period. <ul style="list-style-type: none"> <li>Assumes that Grumman #5 has been transferred to Nassau County free of asbestos containing materials and other hazardous materials.</li> <li>Existing interior improvements are demolished.</li> <li>New base building systems, including HVAC, electrical, fire/life safety, plumbing, and emergency power, are installed.</li> <li>Only the area required for the Public Safety Center functions, or 327,255 gross square feet, are renovated and built out. Where necessary, high bay area is converted to two floors of office space. The balance of the building, mostly high-bay space, are left "as is" until other County uses are</li> </ul>



<b>CONSOLIDATION 2A – Estimated Construction Schedule</b>	
<i>Timing</i>	<i>Activity</i>
	identified or a decision is made to lease the space to third-party tenants.
1 mo.	A phased move-in will begin in the last month of the Construction Period based on the migration plan developed by Nassau County's architect. However, more time might be required to complete the consolidation given the degree of coordination necessary and the number of locations involved.
30 mos.	Estimated Total Project Timing

<b>Coincidental Activities</b>
<ul style="list-style-type: none"> <li>During the months outlined in the Construction Schedule, PSC employees will remain in their current locations. Costs in these properties are "status quo", in that no new capital expenditures are assumed since the occupancy is expected to be short-term. Although the timing of relocations will vary and will be phased</li> </ul>
<ul style="list-style-type: none"> <li>Identify PSC properties for disposition. <ul style="list-style-type: none"> <li>➤ Space vacated by PSC at the Old Police Headquarters is either sold or utilized by Nassau County as part of the Government Operations Center, or for parking.</li> <li>➤ Building #113, 970 Brush Hollow Road, and 1255-1275 Newbridge Road are marketed for sale.</li> <li>➤ The lease at St. Brigid's is allowed to expire. Other leased space, subject to month-to-month leases, are terminated when vacated by Nassau County.</li> </ul> </li> </ul>

#### CONSOLIDATION 2B – CONSOLIDATE INTO LEASED SPACE AT AN EXISTING FACILITY

Consolidation 2B represents a scenario that capitalizes on the availability of an existing facility, to be leased, to more quickly achieve a centralized facility for the Public Safety functions. This consolidated facility will require approximately 367,255 gross square feet, according to HLW, and will include the main Police Headquarters operation, a new EOC command bunker, crime labs, a crimes against property / evidence storage area, and garages.

However, the PSC vehicle maintenance requirement that was addressed at Hangar #7 in Consolidation 2A is now assumed to be only partly satisfied by Hangar #7. Depending on the location of the Leased Facility, it might not be convenient or practical from an operations standpoint to have only a single vehicle maintenance facility. In Consolidation 2B, therefore, it is assumed that the County will also need to



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construct a vehicle maintenance facility of approximately 40,000 gross square feet at the leased PSC.

A key assumption for this scenario, which has a significant impact on the schedule, is that the landlord's contractor will do the interior construction build-out, rather than the County having to bid the process and select an independent contract. The lease negotiation process would specifically require competitive construction pricing by the landlord, with specific audit and review rights reserved to the County.

### *Conceptual Schedule*

The following preliminary schedule describes a potential timeline for the implementation of the Consolidation 2B plan. These construction time periods are estimates provided by Advocate Consulting in conjunction with Nassau County and are based on what would be required for a typical corporate build-out. For purposes of the comparative financial analysis, it is assumed that the consolidation project is initiated on January 1, 2003 as for Consolidation 2A. This schedule encompasses approximately 20 months from initial planning work to occupancy, and begins with the lease negotiations; i.e., it assumes that the preferred alternative has been identified prior to that date and that the Director of Real Estate and Planning, and Insignia/ESG, have been authorized to begin lease negotiations.

This schedule is 10 months shorter than that for Consolidation 2A because of the shorter bidding process and interior construction period associated with the landlord performing such work.

It is assumed that the environment impact of the County's consolidation will be completed pursuant to SEQRA during the first 9 months of the schedule coincidental with the programming and design work. While much of this timing is within the County's control, it is our understanding that the SEQRA process could take up to 6 months.



<b>CONSOLIDATION 2B – Estimated Construction Schedule</b>	
<i>Timing</i>	<i>Activity</i>
3 mos.	<p>Lease negotiations to secure Nassau County's rights and to itemize the landlord's workletter.</p> <p>Background and ethics checks are performed by the County on the landlord.</p> <p>Space programming to determine specific departmental space requirements, floor layout and migration plan.</p>
2 mo.	Obtain approval of lease by County Legislature, County Attorney and County Comptroller.
4 mos.	<p>Planning &amp; Design phase</p> <ul style="list-style-type: none"> <li>Assumes all consultants have been selected, and contracts approved.</li> <li>Background and ethics checks are performed by the County on the landlord's contractors.</li> <li>Construction documents are completed.</li> </ul>
10 mos.	<p>Construction Period.</p> <ul style="list-style-type: none"> <li>New base building systems, including HVAC, electrical, fire/life safety, plumbing, and emergency power, are installed.</li> </ul>
1 mo.	A phased move-in will begin in the last month of the Construction Period based on the migration plan developed by Nassau County's architect. However, more time might be required to complete the consolidation given the degree of coordination necessary and the number of locations involved.
20 mos.	Estimated Total Project Timing

<b>Coincidental Activities</b>
<ul style="list-style-type: none"> <li>During the months outlined in the Construction Schedule, PSC employees will remain in their current locations. Costs in these properties are "status quo", in that no new capital expenditures are assumed since the occupancy is expected to be short-term. Although the timing of relocations will vary and will be phased</li> </ul>
<ul style="list-style-type: none"> <li>Identify PSC properties for disposition. <ul style="list-style-type: none"> <li>➤ Space vacated by PSC at the Old Police Headquarters is either sold or utilized by Nassau County as part of the Government Operations Center, or for parking.</li> <li>➤ Since Grumman #5 is not needed by the County in this scenario, it can be marketed for sale.</li> <li>➤ Building #113, 970 Brush Hollow Road, and 1255-1275 Newbridge Road are</li> </ul> </li> </ul>



marketed for sale.

- The lease at St. Brigid's is allowed to expire. Other leased space, subject to month-to-month leases, are terminated when vacated by Nassau County.

#### CONSOLIDATION 2C – CONSOLIDATE INTO A NEW BUILD-TO-SUIT FACILITY ON COUNTY-OWNED LAND

Consolidation 2C is a scenario whereby a new PSC facility, designed to Nassau County's specifications, is constructed on County-owned land. An example would be the 105 acres that the County will acquire from the US Navy with Grumman #3. A new facility could be designed and constructed to maximize efficiency and match the operational characteristics of the building with the specific needs of the PSC. This consolidated facility will also require approximately 327,255 gross square feet, according to HLW, and will include the main Police Headquarters operation, a new EOC command bunker, crime labs, a crimes against property / evidence storage area, and garages.

If this Build-to-Suit Facility is at almost any other location than the 105 acres, a vehicle maintenance facility of 40,000 gross square feet would likely be a necessary addition to this requirement, as described in Consolidation 2B. For purposes of this analysis, however, it is assumed that the Build-to-Suit Facility is relatively close to Hangar #7, whereby it can continue to be used for PSC's vehicle maintenance needs.

#### *Conceptual Schedule*

The following preliminary schedule describes a potential timeline for the implementation of the Consolidation 2C plan. These construction time periods are estimates provided by Advocate Consulting in conjunction with Nassau County and are based on what would be required for a typical corporate build-out. For purposes of the comparative financial analysis, it is assumed that the consolidation project is initiated on January 1, 2003 (consistent with the other consolidation scenarios). This schedule encompasses approximately 30 months from initial planning work to occupancy, and begins with the architectural space programming effort to determine the target space requirements for each PSC function, including both office space and other ancillary uses. It is assumed that the environment impact of the County's consolidation will be completed pursuant to SEQRA during the first 9 months of the schedule coincidental with the programming and design work. While much of this timing is within the County's control, it is our understanding that the SEQRA process could take up to 6 months.

<b>CONSOLIDATION 2C – Estimated Construction Schedule</b>	
<i>Timing</i>	<i>Activity</i>
3 mos.	Space programming to determine specific departmental space requirements, floor layout and migration plan.
6 mos.	Planning & Design phase <ul style="list-style-type: none"> <li>Assumes all consultants have been selected, and contracts approved.</li> <li>County drafts contractors' contract to be included in bid package.</li> <li>Background and ethics checks are performed by the County on potential bidders.</li> <li>Construction documents are completed, and bid packages distributed.</li> </ul>
2 mos.	Bidders tour the land site and prepare bid responses.
2 mos.	County review of bid submissions, leveling of costs, and selection of a recommended contractor.
1 mo.	Obtain County Legislature approval of Contractor.
2 mos.	Contract negotiation.
1 mo.	Obtain approval of contract by County Legislature, County Attorney and County Comptroller.
12 mos.	Construction Period. <ul style="list-style-type: none"> <li>Assumes that the 105 acres have been transferred to Nassau County free of asbestos containing materials and other hazardous materials.</li> <li>Core and shell construction, including base building systems (HVAC, electrical, fire/life safety, plumbing, and emergency power) are installed.</li> <li>Interior construction is completed; furniture and equipment are installed.</li> </ul>
1 mo.	A phased move-in will begin in the last month of the Construction Period based on the migration plan developed by Nassau County's architect. However, more time might be required to complete the consolidation given the degree of coordination necessary and the number of locations involved.
30 mos.	Estimated Total Project Timing

<b>Coincidental Activities</b>
<ul style="list-style-type: none"> <li>During the months outlined in the Construction Schedule, PSC employees will remain in their current locations. Costs in these properties are "status quo", in that no new capital expenditures are assumed since the occupancy is expected to be short-term.</li> </ul>



Although the timing of relocations will vary and will be phased

- Identify PSC properties for disposition.
  - Space vacated by PSC at the Old Police Headquarters is either sold or utilized by Nassau County as part of the Government Operations Center or as parking.
  - Since Grumman #5 is not needed by the County in this scenario, it can be marketed for sale.
  - Building #113, 970 Brush Hollow Road, and 1255-1275 Newbridge Road are marketed for sale.
  - The lease at St. Brigid's is allowed to expire. Other leased space, subject to month-to-month leases, are terminated when vacated by Nassau County.
  - Impact on the value of Grumman #3 and the remaining land is determined, and the remaining property is marketed for sale.

#### OTHER SCENARIOS

There are certainly other variations on the Consolidation scenarios evaluated in this report, as well as possible split operations scenarios which could be developed, including the following:

- Sale/leaseback of Grumman #5 or Build-to-Suit consolidation facilities. While County ownership was assumed for the PSC in both Consolidation 2A and 2C, these would each be excellent candidates for conversion to a sale/lease-back structure. However, the negative cost impact of paying rent based on an investor's rate of return for real estate versus the County's cost of borrowing would have to be closely considered. In addition, possibilities on how to mitigate the County's property tax exposure (as lessee) would have to be explored.
- Explore opportunities to share the costs of the Police and Fire Academies with Suffolk County. The identification of ways to share the counties' costs of training police, fire and EMS personnel could prove beneficial to both parties. However, such an opportunity involves many more issues than real estate costs, and must be closely explored in terms of both costs and benefits.



## V. Financial Analysis

For each scenario, Insignia/ESG has developed comprehensive financial models to determine the estimated costs associated with pursuing particular strategies. The models will enable Nassau County to:

- ◆ Determine the implications of any given transaction on a cash basis.
- ◆ Make “real time” changes in assumptions such as timing, capital, economics, purchase or sales price, inflation rates, debt amortization periods, financing assumptions, discount rates, etc. All economic models are developed so that Nassau County can explore sensitivities of all variables.
- ◆ Compare building operating expense costs (to the extent such was accounted for and provided by the County on a detailed basis), as well as other potential occupancy expenses such as the debt service costs associated with former or prospective capital expenditures. These costs have been included based on existing Nassau County costs where such costs were known.

The following sections summarize the major financial assumptions underlying each of the occupancy scenarios developed. Because changes in these assumptions could materially impact one or more of the occupancy scenarios, it is important that the County review and confirm these assumptions. This is particularly relevant in this instance because of the lack of detailed cost information available from the County with respect to many of the current buildings.

### GENERAL ASSUMPTIONS

- Per the County, the analysis period covers 20 years, from January 2003 through December 2022.
- Per the County, all cash flows were discounted monthly using an annual discount rate of 5.5%.
- Operating expenses, whether provided by the County or estimated by Insignia/ESG and approved by the County, were as of 2001. Expenses for 2003 have been inflated at 3% per annum from 2001.
- All new capital requirements as estimated by Advocate Consulting Group are assumed to be financed by NIFA or an alternative source on a fully amortizing basis over the terms outlined below, at an interest rate of 5.32% for 2003 capital, 6.31% for 2004-2005 capital, and 6.84% for 2006 capital and thereafter (rate supplied by Nassau County consistent with the debt cost



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assumptions of the Multi-Year Financial Plan 2003-2006), beginning in the middle of the year in which the capital expenditure occurs.

- The time periods used to fully amortize the new debt are based on the Periods of Probable Use (“PPUs”) typically used by the County in its present debt structure, and consistent with Local Finance Law. The periods used vary by building and the type of work done, and are described within each scenario.
- Advocate Consulting Group’s capital estimates were based on 2003 dollar amounts.
- The timing of all capital expenditures is per Advocate Consulting Group. Where applicable, capital costs were split over two or more periods, as described in each scenario. When capital was allocated across multiple years, it was adjusted for inflation at the rate of 3% per year.
- Amortization of Current Debt Outstanding -- Based on the input from the County and Public Financial Management (“PFM”), the current principal and total debt service amounts of county bonds outstanding were identified for each of the buildings as in the follow table. Per the County, a proportionate share of this debt service is included in the PSC financial analysis, based on the percentage occupancy of each building by the Public Safety Center groups for both the Base Case and Consolidation scenarios. The full amount of debt service is included in the PSC analysis only when the entire building houses only PSC functions. For the Police Headquarters building, \$4.2 million (74%) of the outstanding debt service is attributable to equipment that, according to Nassau County DPW, can be relocated to a new PSC in the consolidation scenarios. These costs are therefore transferred to the new PSC, and the associated debt service balance excluded from the debt defeasance set-aside that would otherwise be necessary if the County elected to sell the old Police Headquarters building after consolidation at another location.



BUILDING TOTAL DEBT COSTS	Outstanding Principal Jan 1, 2003	Scheduled Debt Service 2003-2005	Scheduled Debt Service 2003-2012	Total Debt Service 2003-2020
Police Headquarters	\$4.999 million	\$4.483 million	\$5.675 million	\$5.675 million
Old Courthouse	\$ 1.169 million	\$ 0.718 million	\$ 1.394 million	\$ 1.453 million
1255-1275 Newbridge Rd	\$3.430 million	\$2.142 million	\$4.031 million	\$4.031 million
970 Brush Hollow Rd	\$0.036 million	\$0.037 million	\$0.037 million	\$0.037 million
Hangar #7	\$8.673 million	\$2.718 million	\$8.534 million	\$12.331 million
899 Jerusalem Ave.	\$2.201 million	\$1.629 million	\$2.524 million	\$2.524 million
Building #113	not known	not known	not known	not known
St. Brigid's Convent	\$0.255 million	\$0.161 million	\$0.297 million	\$0.297 million
Others PSC areas: 1425 Old Country Rd, Bldg G Nassau Comm College Nassau Univ Med Center Police Academy	not known	not known	not known	not known
<b>SUBTOTAL</b>	<b>\$20.763 million</b>	<b>\$11.888 million</b>	<b>\$22.492 million</b>	<b>\$26.348 million</b>
<u>NIFA SERIES 2000A:</u> Police Headquarters	\$0.043 million	not known	not known	not known
<b>TOTAL</b>	<b>\$20.806 million</b>	<b>\$11.888 million</b>	<b>\$22.492 million</b>	<b>\$26.348 million</b>

Note 1: Not included in analysis. See discussion below.

Note 2: Debt Service is the scheduled principal and interest payments as calculated by PFM.

Note 3: Approximately 74% of outstanding debt obligation is associated with equipment to be relocated to a new PSC.

Note that debt service repayment information for funds requisitioned from NIFA, Series 2000A was not provided by PFM or the County until late in the development of this strategic plan, and has therefore not been included in this analysis as an ongoing occupancy cost. In the event of a property disposition, however, the gross sales proceeds would be reduced by the amount of the NIFA Series 2000A requisitions when such amounts were provided by the County, thereby reducing the overall net proceeds available to offset new capital expenditures projected for each scenario.

Based on the information received from the County and PFM, we could not attribute any outstanding debt directly to Building #113. Also, we had no basis on which to allocate debt attributable to Nassau Community College, Nassau



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University Medical Center, 1425 Old Country Road (Building G), or the Police Academy at the Jails complex. However, further detailed analysis by the County or PFM into the specific uses of funds within these other projects would be required to definitively determine whether there is any allocation appropriate to these five properties. For purposes of our analysis, we have assumed there is none.

## BASE CASE SCENARIO - ASSUMPTIONS

Following is a summary of the major economic assumptions made for the Base Case analysis. The amounts are projected as of January 2003:

## PROJECTED OCCUPANCY COSTS

Variable	Police HQ	Old Courthouse	1255 Newbridge	970 Brushhollow	Hangar #7	899 Jerusalem	St. Brigid's Convent	Other Locations
PSC Occupied Gross SF:	167,611	12,554	86,460	11,245	95,000	30,575	15,034	82,990
Per Gross SF Costs (2003) <sup>1</sup> :								
Operating Expenses	\$6.37	\$5.80	\$0.97	\$0.89	\$0.91	\$6.37	\$0.50	\$5.51
Real Estate Taxes	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Base Rent	n/a	n/a	n/a	n/a	n/a	n/a	\$12.80	n/a
Electricity	\$1.95	\$1.85	\$1.35	\$1.57	\$1.09	\$1.59	\$1.59	\$1.93
PSC Functions Occupancy % <sup>2</sup>	100%	9.3%	100%	100%	100%	100%	100%	varies
<u>Debt Allocations (millions) <sup>3</sup>:</u>								
Existing – Principal <sup>4</sup>	\$4.999	\$0.109	\$3.430	\$0.036	\$8.673	\$0.255	\$2.201	n/a
Existing – Total Debt Service	\$5.675	\$0.135	\$4.031	\$0.037	\$12.331	\$0.297	\$2.524	n/a
NIFA Debt – Principal <sup>5</sup>	\$0.043	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note 1: 2001 costs as provided Nassau County. Operating Expenses escalated to 2003 at 3% per year; Electricity at 2%. If were not provided, Insignia/ESG estimated a cost based on the range of expenses that were provided by the County for other properties.

Note 2: Portion of each building occupied by PSC functions as compared to uses for other Nassau County verticals.

Note 3: Debt Allocations included in the current costs of each building; Building total debt x PSC Functions Occupancy %

Note 4: Projected principal balance as of January 1, 2003.

Note 5: Principal amount of NIFA requisitions as of January 1, 2003.

The capital budget for the Base Case scenario, as estimated by Advocate Consulting Group based on the architectural review by HLW and the engineering review by JB&B and Ambient Group, is summarized below. All amounts are estimates based on 2003 costs. In the financial analysis, any capital amounts allocated to periods after 2003 are inflated at 3% per year.



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Key assumptions of this budget include:

- Assumes the County continues to live in the existing spaces “as is”, with no capital spent on renovation of the interiors or furniture. The only capital assumed to be expended is to modernize outdated or under-performing base building systems (HVAC, electricity, elevators, etc.) and each building’s information technology infrastructure as identified by JB&B in the Building Evaluations Report.
- Assumed 50% of the total capital expenditures are made in 2003, with the balance in 2004. No capital is spent at Building #113, since it is used for property storage only.
- Capital expenditures were assumed to be financed over appropriate periods-of-probable-use (PPUs) consistent with Local Finance Law. 15 years was used to amortize the cost of building improvements to the County-owned buildings listed below, and 5 years was used to amortize the cost of technology improvements.
- Assumes no capital expenditure to provide additional parking spaces. (However, such costs would likely be shared with the PSC in the event a GOC consolidation plan is elected that requires a parking garage to be built on the Police Headquarters parking lot.
- Assumes no improvements in space efficiencies, or disposition of any of the PSC facilities.
- Limited capital is included for Hangar #7, 1255-1275 Newbridge Road, 970 Brush Hollow Road because of the large proportion of garage and building maintenance functions.

Report and  
Recommendations on

Nassau County Real  
Estate

PUBLIC SAFETY  
CENTER

DRAFT

**Nassau County**  
Long Island, New York



<b>BASE CASE CAPITAL BUDGET (\$ as of 2003)</b>	<b>Police Hdqtrrs</b>	<b>Old Courthouse</b>	<b>1255-1275 Newbridge</b>	<b>Hangar #7</b>	<b>970 Brush Hollow Rd</b>	<b>St. Brigid's Convent</b>	<b>All Others<sup>1</sup></b>	<b>TOTAL</b>
GROSS BUILDING AREA (SF)	168,000	135,000	86,460	95,000	11,000	15,034	99,965	610,459
<b>BUILDING IMPROVEMENTS</b>								
Construction Fit Out (Arch.)	\$4,060,000	\$2,700,000	\$650,000	\$950,000	\$110,000	\$300,680	\$1,999,300	\$10,769,980
HVAC	\$2,205,000	\$2,025,000	\$0	\$0	\$0	\$0	\$0	\$4,230,000
Sprinkler	\$367,500	\$337,500	\$0	\$0	\$0	\$0	\$0	\$705,000
Electric	\$2,205,000	\$2,025,000	\$0	\$0	\$0	\$0	\$0	\$4,230,000
Plumbing	\$441,000	\$405,000	\$0	\$0	\$0	\$0	\$0	\$846,000
Abatement	\$294,000	\$270,000	\$0	\$0	\$0	\$0	\$0	\$564,000
Elevator Upgrade	\$147,000	\$135,000	\$0	\$0	\$0	\$0	\$0	\$282,000
Security	\$147,000	\$135,000	\$0	\$0	\$0	\$0	\$0	\$282,000
Utility Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Consulting (10% of hard cost)	\$986,650	\$803,250	\$65,000	\$95,000	\$11,000	\$0	\$0	\$1,960,900
Contingency (5% of cost)	\$542,658	\$441,788	\$35,750	\$52,250	\$6,050	\$0	\$0	\$1,078,495
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$11,395,808</b>	<b>\$9,277,538</b>	<b>\$750,750</b>	<b>\$1,097,250</b>	<b>\$127,050</b>	<b>\$300,680</b>	<b>\$1,999,300</b>	<b>\$24,948,375</b>
<b>INFORMATION TECHNOLOGY</b>								
Technology cabling / backbone	\$1,396,500	\$1,282,500	\$0	\$0	\$0	\$0	\$0	\$2,679,000
Technology Electronics & Equipment	\$1,470,000	\$1,350,000	\$0	\$0	\$0	\$0	\$0	\$2,820,000
Contingency (5% of cost)	\$143,325	\$131,625	\$0	\$0	\$0	\$0	\$0	\$274,950
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$3,009,825</b>	<b>\$2,764,125</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,773,950</b>
<b>MOVING &amp; TRANSITION COSTS</b>								
Moving & Storage	\$294,000	\$270,000	\$65,000	\$95,000	\$11,000	\$0	\$0	\$735,000
Transition Costs	\$588,000	\$540,000	\$0	\$0	\$0	\$0	\$0	\$1,128,000
Contingency (5% of cost)	\$44,100	\$40,500	\$3,250	\$4,750	\$550	\$0	\$0	\$93,150
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$926,100</b>	<b>\$850,500</b>	<b>\$68,250</b>	<b>\$99,750</b>	<b>\$11,550</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,956,150</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$15,331,733</b>	<b>\$12,892,163</b>	<b>\$819,000</b>	<b>\$1,197,000</b>	<b>\$138,600</b>	<b>\$300,680</b>	<b>\$1,999,300</b>	<b>\$32,678,475</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$91 per SF</b>	<b>\$95 per SF</b>	<b>\$9 per SF</b>	<b>\$13 per SF</b>	<b>\$13 per SF</b>	<b>\$20 per SF</b>	<b>\$20 per SF</b>	<b>\$54 per SF</b>
<b>PSC Functions Occupancy %</b>	<b>100.0%</b>	<b>9.3%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Capital Allocated to PSC Functions</b>	<b>\$15,331,733</b>	<b>\$1,198,971</b>	<b>\$819,000</b>	<b>\$1,197,000</b>	<b>\$138,600</b>	<b>\$300,680</b>	<b>\$1,999,300</b>	<b>\$20,985,284</b>

#### CONSOLIDATION SCENARIOS – COMMON ASSUMPTIONS

Following is a summary of the major economic assumptions that are common to the capital expenditures included in the analysis for each of the three consolidation scenarios.

- For the PSC: 20% of capital for building improvements is allocated in 2003, 60% in 2004, and 20% in 2005; 50% of capital for technology is allocated in each of 2004 and 2005; 25% of the capital for FF&E is allocated in 2004 and 75% in 2005; 100% of capital for moving is allocated in 2005.
- For Hangar #7: 50% of capital for minor building improvements and moving costs is allocated in each of 2004 and 2005.
- For non-consolidated operations at other locations: 50% of capital for minor building improvements and moving costs is allocated in 2004 and 2005.
- FF&E expenditures are based on acquiring new furniture at \$20.00 per gross SF. Purchasing used furniture, if available, could potentially generate cost savings.
- Capital expenditures were assumed to be financed over appropriate PPU's consistent with Local Finance Laws. For the Consolidation scenarios, 20 years was used to amortize all costs associated with the renovation of existing buildings in the case of Consolidations 2A and 2B. 30 years was used to amortize the costs for all new construction, including the build-to-suit facility in Consolidation 2C.



## CONSOLIDATION 2A – CONSOLIDATION ASSUMPTIONS

### CONSOLIDATE TO GRUMMAN #5

Following are the major economic assumptions made for the Consolidation 2A analysis.

### PROJECTED CURRENT OCCUPANCY COSTS

The Occupancy Costs below are projections to January 2003 for operating expenses, electricity, and the remaining debt service payments associated with specific County bonds identified by Nassau County that were used to finance previous capital improvements in the old Police Headquarters and Hangar #7.

Variable	PSC @ Grumman #5	Hangar #7	Other Locations <sup>3</sup>	Total
PSC Occupied Gross SF:	327,255	95,000	56,148	478,403
Per Gross SF Costs <sup>1</sup> :				
Operating Expenses	\$5.25	\$0.91	\$6.18	
Real Estate Taxes	n/a	n/a	n/a	
Electricity/Gas/Water	\$2.50	\$1.09	\$1.73	
<u>Debt Allocations:</u>				
Existing – Principal <sup>2</sup>	\$0.283	\$8.673	not known	\$8.956
Existing – Total Debt Service	\$0.310	\$12.331	not known	\$12.641
NIFA Debt – Principal <sup>4</sup>	\$ 5.000	n/a	not known	\$5.000

Note 1: For Hangar #7, 2001 costs as provided Nassau County. Operating Expenses escalated to 2003 at 3% per year; Electricity at 2%. If Operating Expense or Electricity costs were not provided, Insignia/ESG estimated a cost based on the range of expenses that were provided by the County for other properties. For Grumman #5, estimate based on offered terms for similar properties.

Note 2: Projected principal balance as of January 1, 2003. Excludes requisitions from NIFA Series 2000A, if any.

Note 3: Current location or location to be determined for Police Academy, Narcotics Squad, Electronics Squad, and Employee Assistance Office.

Note 4: For Grumman #5, includes \$5 million purchase price assumed financed by NIFA. Actual method not yet determined.



<b>CAMPUS 2A CAPITAL BUDGET (\$ as of 2003)</b>	<b>Grumman #5</b>	<b>Hanger #7</b>	<b>Other Locations</b>	<b>TOTAL</b>
GROSS BUILDING AREA (SF)	327.000	95.000	56.148	478.148
<b>BUILDING IMPROVEMENTS</b>				
Base Building Systems	\$16,350,000	\$0	\$0	\$16,350,000
Interior Construction	\$16,050,000	\$950,000	\$1,058,498	\$18,058,498
Garage	\$860,000	\$0	\$0	\$860,000
Storage	\$440,000	\$0	\$0	\$440,000
Lab Space	\$1,700,000	\$0	\$0	\$1,700,000
Emergency Bunker	\$4,650,000	\$0	\$0	\$4,650,000
Abatement	\$98,100	\$0	\$0	\$98,100
Consulting (10% of hard cost)	\$4,014,810	\$95,000	\$0	\$4,109,810
<b>SUBTOTAL</b>	<b>\$44,162,910</b>	<b>\$1,045,000</b>	<b>\$1,058,498</b>	<b>\$46,266,408</b>
Site Work: Utility Upgrades	\$114,450	\$0	\$0	\$114,450
Site Work: Parking	\$3,060,000	\$0	\$0	\$3,060,000
Contingency (5% of cost)	\$2,366,868	\$52,250	\$0	\$2,419,118
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$49,704,228</b>	<b>\$1,097,250</b>	<b>\$1,058,498</b>	<b>\$51,859,976</b>
<b>FF&amp;E</b>				
Furnishing & Equipment	\$5,240,000	\$0	\$0	\$5,240,000
Contingency (5% of cost)	\$262,000	\$0	\$0	\$262,000
<b>TOTAL FF&amp;E</b>	<b>\$5,502,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,502,000</b>
<b>INFORMATION TECHNOLOGY</b>				
Technology cabling / backbone	\$1,834,000	\$0	\$529,249	\$2,363,249
Technology Electronics & Equipment	\$2,620,000	\$0	\$0	\$2,620,000
Contingency (5% of cost)	\$222,700	\$0	\$0	\$222,700
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$4,676,700</b>	<b>\$0</b>	<b>\$529,249</b>	<b>\$5,205,949</b>
<b>MOVING &amp; TRANSITION COSTS</b>				
Moving & Storage	\$654,000	\$95,000	\$52,925	\$801,925
Transition Costs	\$0	\$0	\$0	\$0
Contingency (5% of cost)	\$32,700	\$4,750	\$0	\$37,450
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$686,700</b>	<b>\$99,750</b>	<b>\$52,925</b>	<b>\$839,375</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$60,569,628</b>	<b>\$1,197,000</b>	<b>\$1,640,671</b>	<b>\$63,407,299</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$185 per SF</b>	<b>\$13 per SF</b>	<b>\$29 per SF</b>	<b>\$133 per SF</b>
<b>PSC Functions Occupancy %</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Capital Allocated to PSC Functions</b>	<b>\$60,569,628</b>	<b>\$1,197,000</b>	<b>\$1,640,671</b>	<b>\$63,407,299</b>

Capital costs are financed and amortized as described on Page 29.



## CONSOLIDATION 2B – CONSOLIDATION ASSUMPTIONS

### CONSOLIDATED TO AN EXISTING FACILITY TO BE LEASED

Following are the major economic assumptions made for the Consolidation 2B analysis.

### PROJECTED CURRENT OCCUPANCY COSTS

The Occupancy Costs below are projections to January 2003 for operating expenses, electricity, and the remaining debt service payments associated with specific County bonds identified by Nassau County that were used to finance previous capital improvements at Hangar #7.

Variable	PSC @ Leased Facility	Hangar #7	Other Locations <sup>3</sup>	Total
PSC Occupied Gross SF:	367,255	95,000	56,148	518,403
Per Gross SF Costs <sup>1</sup> :				
Gross Rent	\$18.50	n/a	n/a	
Operating Expenses	\$5.25	\$0.91	\$6.18	
Real Estate Taxes	\$3.40	n/a	n/a	
Electricity/Gas/ Water	\$2.50	\$1.09	\$1.73	
<u>Debt Allocations:</u>				
Existing – Principal <sup>2</sup>	none	\$8.673	not known	\$8.673
Existing – Total Debt Service	none	\$12.331	not known	\$12.331
NIFA Debt – Principal	none	not known	not known	not known

Note 1: For Hangar #7, 2001 costs as provided by Nassau County. Operating Expenses escalated to 2003 at 3% per year; Electricity at 2%. If Operating Expense or Electricity costs were not provided, Insignia/ESG estimated a cost based on the range of expenses that were provided by the County for other properties. For Leased Facility, estimate based on offered terms for similar properties.

Note 2: Projected principal balance as of January 1, 2003. Excludes requisitions from NIFA Series 2000A, if any.

Note 3: Current location or location to be determined for Police Academy, Narcotics Squad, Electronics Squad, and Employee Assistance Office.



<b>CAMPUS 2B CAPITAL BUDGET (\$ as of 2003)</b>	<b>Leased Facility</b>	<b>Hanger #7</b>	<b>Other Locations</b>	<b>TOTAL</b>
GROSS BUILDING AREA (SF)	367.000	95.000	56.148	518.148
<b>BUILDING IMPROVEMENTS</b>				
Base Building Systems	\$0	\$0	\$0	\$0
Interior Construction	\$16,050,000	\$950,000	\$1,058,498	\$18,058,498
Garage	\$860,000	\$0	\$0	\$860,000
Storage	\$440,000	\$0	\$0	\$440,000
Lab Space	\$1,700,000	\$0	\$0	\$1,700,000
Additional Fleet Maintenance	\$4,000,000	\$0	\$0	\$4,000,000
Emergency Bunker	\$4,650,000	\$0	\$0	\$4,650,000
Consulting (10% of hard cost)	\$2,770,000	\$95,000	\$0	\$2,865,000
<b>SUBTOTAL</b>	<b>\$30,470,000</b>	<b>\$1,045,000</b>	<b>\$1,058,498</b>	<b>\$32,573,498</b>
Site Work: Utility Upgrades	\$0	\$0	\$0	\$0
Site Work: Parking	\$0	\$0	\$0	\$0
Contingency (5% of cost)	\$1,523,500	\$52,250	\$0	\$1,575,750
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$31,993,500</b>	<b>\$1,097,250</b>	<b>\$1,058,498</b>	<b>\$34,149,248</b>
<b>FF&amp;E</b>				
Furnishing & Equipment	\$5,240,000	\$0	\$0	\$5,240,000
Contingency (5% of cost)	\$262,000	\$0	\$0	\$262,000
<b>TOTAL FF&amp;E</b>	<b>\$5,502,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,502,000</b>
<b>INFORMATION TECHNOLOGY</b>				
Technology cabling / backbone	\$1,834,000	\$0	\$529,249	\$2,363,249
Technology Electronics & Equipment	\$2,620,000	\$0	\$0	\$2,620,000
Contingency (5% of cost)	\$222,700	\$0	\$0	\$222,700
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$4,676,700</b>	<b>\$0</b>	<b>\$529,249</b>	<b>\$5,205,949</b>
<b>MOVING &amp; TRANSITION COSTS</b>				
Moving & Storage	\$734,000	\$95,000	\$52,925	\$881,925
Contingency (5% of cost)	\$36,700	\$4,750	\$0	\$41,450
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$770,700</b>	<b>\$99,750</b>	<b>\$52,925</b>	<b>\$923,375</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$42,942,900</b>	<b>\$1,197,000</b>	<b>\$1,640,671</b>	<b>\$45,780,571</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$117 per SF</b>	<b>\$13 per SF</b>	<b>\$29 per SF</b>	<b>\$88 per SF</b>
<b>PSC Functions Occupancy %</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Capital Allocated to PSC Functions</b>	<b>\$42,942,900</b>	<b>\$1,197,000</b>	<b>\$1,640,671</b>	<b>\$45,780,571</b>

- Capital costs are financed and amortized as described on Page 29.

## CONSOLIDATION 2C – CONSOLIDATION ASSUMPTIONS

### CONSOLIDATE TO A BUILD-TO-SUIT FACILITY ON COUNTY-OWNED LAND

Following are the major economic assumptions made for the Consolidation 2C analysis.

### PROJECTED CURRENT OCCUPANCY COSTS

The Occupancy Costs below are projections to January 2003 for operating expenses, electricity, and the remaining debt service payments associated with specific County bonds identified by Nassau County that were used to finance previous capital improvements at Hangar #7.

Variable	PSC @ Build-to-Suit Facility	Hangar #7	Other Locations <sup>3</sup>	Total
PSC Occupied Gross SF:	327,255	95,000	56,148	478,403
Per Gross SF Costs <sup>1</sup> :				
Operating Expenses	\$5.25	\$0.91	\$6.18	
Real Estate Taxes	n/a	n/a	n/a	
Electricity	\$2.50	\$1.09	\$1.73	
<u>Debt Allocations :</u>				
Existing – Principal <sup>2</sup>	none	\$8.673	not known	\$8.673
Existing – Total Debt Service	none	\$12.331	not known	\$12.331
NIFA Debt – Principal	none	not known	not known	not known

Note 1: For Hangar #7, 2001 costs as provided by Nassau County. Operating Expenses escalated to 2003 at 3% per year; Electricity at 2%. If Operating Expense or Electricity costs were not provided, Insignia/ESG estimated a cost based on the range of expenses that were provided by the County for other properties. For Build-to-Suit Facility, estimate based on offered terms for similar properties.

Note 2: Projected principal balance as of January 1, 2003. Excludes requisitions from NIFA Series 2000A, if any.

Note 3: Current location or location to be determined for Police Academy, Narcotics Squad, Electronics Squad, and Employee Assistance Office.

<b>CAMPUS 2C CAPITAL BUDGET (\$ as of 2003)</b>	<b>Build-to-Suit</b>	<b>Hanger #7</b>	<b>Other Locations</b>	<b>TOTAL</b>
GROSS BUILDING AREA (SF)	327.000	95.000	56.148	478.148
<b>BUILDING IMPROVEMENTS</b>				
Base Building Core & Shell	\$40,875,000	\$0	\$0	\$40,875,000
Interior Construction	\$16,050,000	\$950,000	\$1,058,498	\$18,058,498
Garage	\$860,000	\$0	\$0	\$860,000
Storage	\$440,000	\$0	\$0	\$440,000
Lab Space	\$1,700,000	\$0	\$0	\$1,700,000
Emergency Bunker	\$4,650,000	\$0	\$0	\$4,650,000
Consulting (10% of hard cost)	\$6,457,500	\$95,000	\$0	\$6,552,500
<b>SUBTOTAL</b>	<b>\$71,032,500</b>	<b>\$1,045,000</b>	<b>\$1,058,498</b>	<b>\$73,135,998</b>
Site Work: Utility Upgrades	\$114,450	\$0	\$0	\$114,450
Site Work: Parking	\$7,500,000	\$0	\$0	\$7,500,000
Contingency (5% of cost)	\$3,932,348	\$52,250	\$0	\$3,984,598
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$82,579,298</b>	<b>\$1,097,250</b>	<b>\$1,058,498</b>	<b>\$84,735,045</b>
<b>FF&amp;E</b>				
Furnishing & Equipment	\$5,240,000	\$0	\$0	\$5,240,000
Contingency (5% of cost)	\$262,000	\$0	\$0	\$262,000
<b>TOTAL FF&amp;E</b>	<b>\$5,502,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,502,000</b>
<b>INFORMATION TECHNOLOGY</b>				
Technology cabling / backbone	\$1,834,000	\$0	\$529,249	\$2,363,249
Technology Electronics & Equipment	\$2,620,000	\$0	\$0	\$2,620,000
Contingency (5% of cost)	\$222,700	\$0	\$0	\$222,700
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$4,676,700</b>	<b>\$0</b>	<b>\$529,249</b>	<b>\$5,205,949</b>
<b>MOVING &amp; TRANSITION COSTS</b>				
Moving & Storage	\$654,000	\$95,000	\$52,925	\$801,925
Contingency (5% of cost)	\$32,700	\$4,750	\$0	\$37,450
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$686,700</b>	<b>\$99,750</b>	<b>\$52,925</b>	<b>\$839,375</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$93,444,698</b>	<b>\$1,197,000</b>	<b>\$1,640,671</b>	<b>\$96,282,369</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$286 per SF</b>	<b>\$13 per SF</b>	<b>\$29 per SF</b>	<b>\$201 per SF</b>
<b>PSC Functions Occupancy %</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Capital Allocated to PSC Functions</b>	<b>\$93,444,698</b>	<b>\$1,197,000</b>	<b>\$1,640,671</b>	<b>\$96,282,369</b>

- Capital costs are financed and amortized as described on Page 29.

#### SUMMARY OF FINANCIAL RESULTS

The following two tables compare the overall financial results of these four scenarios, on both a Total Cost (total dollars expended) basis and Net Present Value (Discounted Cash Flow) basis, over the 2003-2022 (20-year) period. The detailed financial analysis for each scenario is provided separately in Insignia/ESG's "Financial Analysis for Alternative Occupancy Scenarios" for the Public Safety Center.

PLEASE NOTE THAT THESE RESULTS ARE THE COSTS ALLOCABLE ONLY TO THE PUBLIC SAFETY CENTER FUNCTIONS. Costs attributable to other county functions that may share the same facility are not included in these financial results, but will be included in the relevant consolidation plan for those other functions.

While all relevant operating expenses have been included (as provided by Nassau County), there are other potential recurring benefits that have not been quantified. The costs below do not reflect potential cost savings from upgrading the base building mechanical plant at the old Police Headquarters. While new, more efficient systems will likely produce operating cost reductions, more detailed study is required to determine the magnitude of the potential benefit. The potential economic benefits of improved employee productivity that could result from improved departmental adjacencies and an improved work environment has also not been quantified.



The first table, *Summary: Total Costs*, compares the net overall scenario costs for the 20-year period on a nominal dollar basis.

### Summary: Total Costs

Occupancy Scenario (\$ million except SF)	Gross SF Required	Total Occupancy Costs <sup>1</sup>	New Capital Costs (as financed) <sup>2</sup>	Total Net Costs <sup>3</sup>
Base Case	501,469	\$ 103.2	\$ 28.1	\$ 131.3
2A: Consolidate at Grumman #5	478,403	\$ 103.9	\$ 112.3	\$ 216.2
2B: Consolidate at Leased Facility	518,403	\$ 234.3	\$ 46.0	\$ 280.3
2C: Consolidate at Build-to-Suit Facility	478,403	\$ 103.6	\$ 133.7	\$ 237.3

Notes:

<sup>1</sup> Total Occupancy Cost is the total projected cash costs of operating expenses, electricity, real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> New Capital Costs (as financed) is the fully-amortizing debt service cost (principal + interest) associated with the financing of all new capital costs required to upgrade the facilities. Amount represents the pro rata share allocable to PSC functions. Only the costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital improvements may be financed over 30 years. Assumes all capital investment is financed over appropriate PPU's consistent with Local Finance Law at the following rates: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with the borrowing assumptions of the Multi-Year Financial Plan 2003-2006). The detailed capital estimates by Advocate Consulting are provided in the Appendix.

<sup>3</sup> Total Net Cost is the sum of Total Occupancy Costs and New Capital Costs (as amortized).

These initial results indicate that the Base Case, while it is the least attractive from an operational standpoint, might have the lowest occupancy costs given that significant capital requirements would be incurred at only one building – the Police Headquarters building at 1490 Franklin Avenue. It should be noted, however, that these costs do not reflect the costs of alleviating the existing parking issues at the Old Courthouse/One West Street/Police Headquarters location. If a Government Operation Center (“GOC”) consolidation scenario is implemented as discussed in the Government Operations Center Strategic Plan, a parking deck will be necessary on the current Police Headquarters parking lot. Assuming these costs will be shared between the Government Operations and Public Safety verticals should the Police elect to remain at the current Police Headquarters building, the Base Case costs would rise significantly (for purposes of the plan, all parking costs were allocated to the GOC consolidation scenarios).



The second table, *Summary: NPV Costs*, compares the net overall scenario costs for the 20-year period on a net present value (“NPV”) basis, discounted to January 2003 using a discount rate of 5.5% as directed by Nassau County. From an NPV standpoint, the financial results and conclusions are similar to that of the Total Costs comparison.

### Summary: NPV Costs

Occupancy Scenario (\$ million except SF)	Gross SF Required	NET PRESENT VALUE (at 5.5% Discount Rate)		
		Total Occupancy Costs <sup>1</sup>	New Capital Costs (as financed) <sup>2</sup>	Net Cost <sup>3</sup>
Base Case	501,469	\$ 65.0	\$ 17.1	\$ 82.1
2A: Consolidate at Grumman #5	478,403	\$ 64.5	\$ 61.9	\$ 126.4
2B: Consolidate at Leased Facility	518,403	\$ 140.4	\$ 25.1	\$ 25.1
2C: Consolidate at Build-to-Suit Facility	478,403	\$ 64.2	\$ 73.3	\$ 73.3

#### Notes:

<sup>1</sup> Total Occupancy Cost is the total projected cash costs of operating expenses, electricity, real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> New Capital Costs (as financed) is the fully-amortizing debt service cost (principal + interest) associated with the financing of all new capital costs required to upgrade the facilities. Amount represents the pro rata share allocable to PSC functions. Only the costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital improvements may be financed over 30 years. Assumes all capital investment is financed over appropriate PPU’s consistent with Local Finance Law at the following rates: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with the borrowing assumptions of the Multi-Year Financial Plan 2003-2006). The detailed capital estimates by Advocate Consulting are provided in the Appendix.

<sup>5</sup> Total Net Cost is the sum of Total Occupancy Costs and New Capital Costs (as amortized).

The economic results for Consolidation 2A indicate that the County’s initial idea to consolidate the PSC to Grumman #5 was not without merit. Even though the capital investment and total net costs for Consolidation 2A are more than for the Base Case, the tremendous operational advantages offered by Grumman #5 argue for its selection. Even though capital could be invested to improve the habitability of the current Police Headquarters, it would be difficult to achieve significant operational benefits given the floorplate and other physical attributes of that building.

While Consolidation 2B provides that best opportunity for the fastest implementation, it is the most expensive for two primary reasons: (1) the base rent to be paid is based on providing the owner/developer a risk-adjusted rate of return on its equity



investment that is significantly higher than Nassau County's borrowing rate, and (2) under the lease, Nassau County must reimburse the owner/landlord for a proportionate share of annual real estate taxes.

Consolidation 2C, while providing the most customized, efficient operating platform for the PSC, is more expensive than Consolidation 2A primarily due to the additional capital costs required to construct the core and shell of the building.

#### FINANCING STRATEGIES

##### (ALTERNATIVE SOURCES OF CAPITAL)

The net proceeds from the disposition of surplus properties alone might not be sufficient to fully offset the new capital spending required to implement any of the above scenarios. Although the analysis has assumed that capital costs are financed beginning at an interest of 5.32% in 2003, 6.31% in 2004-2005, and rising to 6.84% after 2005, it is preferable to the County that other sources of funds be utilized to minimize the net amount funded through additional debt. Following are several possible alternative sources of funds, although each must be investigated further to determine the potential value associated with each.

- *Operating Cost Savings* -- Although savings from the reduction of operating costs will be realized, we assume that they will accrue to the benefit of the County's general fund, unless a mechanism is created such that any savings in the County budget for operation of its facilities will flow, on an annual basis or sooner, into a separate fund for utilization for consolidation expenses.
- *Sale/leasebacks* -- Although more problematic for the County to implement, a sale/leaseback could generate substantial capital during a short period of time. However, while the sale proceeds would be used to offset the costs of new capital improvements to upgrade facilities, the requisite rent payments (and real estate taxes, if applicable to the County under a lease) would have a negative impact on the general fund. Also, a new owner would price the rent and purchase price in relationship to each other to achieve a risk-adjusted real estate return which would likely be much higher than the interest rates used to finance the improvements in the modeling.
- *Other County-owned land and tax lien land* -- Insignia/ESG has performed a preliminary review of the County's land list of approximately 1,421 County-owned parcels and tax lien properties that are each less than 2 acres in area. Each parcel will be categorized into one of eight types of property: tax deeds, village liens, watershed properties, wetlands, storm water basins, parks,

preserves, and drainage basins. This review has already found that 1,065 of these properties are under 6,000 square feet each, and are not therefore developable. While Insignia/ESG is still evaluating the rest of the properties, we expect the potential value to the County to be limited due to the size, physical characteristics, and/or wetlands conditions of the properties

As part of its ongoing strategic planning effort, Insignia/ESG will continue to investigate the feasibility of different financing strategies. In reality, once the County has provided its preferred direction on the various consolidation plans, the magnitude of the overall capital funding shortfall will be more accurately estimated, and various funding approaches evaluated for the County's real estate requirements as a whole, not just plan-by-plan.

Another important consideration is what constraints does NIFA put on the availability of its internal funds, and Nassau County's flexibility to pursue alternative financing strategies that result in higher cost debt.



## V. Health & Human Services Center

### A. Current Situation – Health & Human Services Center Facilities

The primary Health & Human Services (“HHS”) functions, which are centered in the Mineola/Hempstead area, are presently housed in a total of 4 owned and 4 leased properties representing approximately 462,200 gross square feet. Over one-half of this area is utilized by Nassau County’s Department of Social Services operations, including “Intake” functions, that are currently housed in approximately 237,600 gross square feet in its main facility at the Social Service Building described below. A brief discussion follows for each of the major buildings; a more extensive overview of existing conditions for the Social Services Building, 240 Old Country Road, the Old Courthouse and 40 Main Street in Hempstead can be found in the initial, macro-level architectural, mechanical and environmental evaluations (the “Building Evaluations Report”) completed by HLW, JB&B, and Ambient Group, respectively, whose collective report is included as a supplement to this Strategic Consolidation Plan.

#### Social Services Building, 101 County Seat Drive, Mineola

Area - Gross SF	294,842 square feet <sup>1</sup>	OWNED
Area - Usable SF	215,870 square feet <sup>1</sup>	
HHS Users (% of space)	Dept. of Social Services	80.6%%
Other Users (% of space)	Probation	19.4%%



<sup>1</sup> As measured by HLW from CAD plans supplied by Nassau County.

The Social Services Building, built around 1971, is a three-story structure with an additional level below-grade. The building was designed for Social Services Intake and Administrative offices. The building has no central core. A cafeteria is located in the basement. Shared surface parking is not in close proximity to the main entrance.

The major facilities upgrades required for the County’s long-term use as described in the Building Evaluations Report are summarized below:

- Roof is in poor condition, and should be replaced



- A new 500-ton HVAC plant and air handling equipment is recommended to improve climate control
- The building's electrical systems should be replaced and updated
- The building should be fully sprinklered
- Provide electric water coolers, new fixtures and mixing valves on the hot water heater outlets
- New force mains are required for the sanitary system
- New life safety systems and modernization / upgrades of the distribution system

### 240 Old Country Road, Mineola

Area – Gross SF	217,233 square feet <sup>1</sup>	OWNED
Area – Usable SF	192,785 square feet <sup>1</sup>	
HHS Users (% of space)	Dept. of Health	22.8%
	Mental Health	3.5%
	Total	26.3%
Other Users (% of space)	County Clerk	25.8%
	Dept. of Assessment	15.7%
	Treasurer	14.3%
	Comptroller	10.7%
	DGS/Purchasing	4.4%
	Sheriff's Department	2.8%



<sup>1</sup> As measured by HLW from CAD plans supplied by Nassau County.

240 Old Country Road, a six-story building that was constructed in 1960, is one of the most traditional office buildings the County occupies. It is positioned in an excellent location on Old Country Road, and therefore could potentially be a valuable disposition candidate depending on whether it is required as part of any other consolidation plan. It shares a parking lot with 400 County Seat Drive.

The major facilities upgrades required for the County's long-term use as described in Building Evaluations Report are summarized below:

- The air handlers, chillers, pumps, and cooling towers are in need of a complete overhaul and/or replacement
- The electric system is adequate for the current use but will require replacement for a new program
- Fully sprinkler the building



- Provide ADA toilets, electric water coolers, new fixtures and mixing valves on the hot water heater outlets

### Old Courthouse, 1550 Franklin Ave., Mineola

Area - Gross SF	134,984 square feet <sup>1</sup>	OWNED
Area - Usable SF	73,888 square feet <sup>1</sup>	
HHS Users (% of space)	Senior Citizen Affairs	10.5%
	Office of Physically Challenged	2.3%
	Health & Human Services	12.8%
Other Users (% of space)	Information Technology	27.0%
	Dept. of General Services	23.5%
	Dept. of Public Works	22.4%
	Police Department	9.3%
	Other Offices	5.0%



<sup>1</sup> As measured by HLW from CAD plans supplied by Nassau County.

The Old Courthouse, a local landmark, is presently in the initial stage of a historical renovation to restore its original 1900 design as supplemented by wing additions in 1916. The first phase, the restoration of the building's dome, has recently been completed and the building re-dedicated as the Theodore Roosevelt Executive & Legislative Building. Future restoration plans, when they proceed, call for the removal of additions that were made over time to the original structure. If renovated as is contemplated, the facility's size will be reduced to approximately 86,000 gross square feet. Overall, this restoration and refurbishment is long overdue after years of deferred maintenance and neglect.

The major facilities upgrades required for the County's long-term use as described in the Building Evaluations Report are summarized below:

- A new 400-ton HVAC plant is recommended to improve climate control
- The building requires many cosmetic and building code upgrades as well as numerous system updates including fire alarm, branch circuit distribution, and egress lighting
- The building should be fully sprinklered
- Provide ADA toilets, electric water coolers, new fixtures and mixing valves on the hot water heater outlets



## 40 Main Street, Hempstead

Area – Rentable SF	67,115 square feet. <sup>1</sup>	LEASED
Area – Usable SF	59,499 square feet. <sup>2</sup>	
Lease Expiration	June 28, 2024	21.4 years remain.
Landlord	Commitment to Hempstead, Inc.	
HHS Users (% of space)	Drug & Alcohol	36.4%
	Youth Board	16.2%
	Total	52.6%
Other Users (% of space)	Civil Service Commission	37.9%
	C.A.S.A.	6.1%
	Vacant	3.4%



<sup>1</sup> Rentable area as defined in the Lease Agreement.

<sup>2</sup> As estimated by Nassau County.

Renovated in 1999 and leased for a 25-year term, 40 Main is a three-story building with new building systems. The building complies with ADA and, according to HLW, no major facilities upgrades are required for the County's continued long-term use. The County may purchase the building at the end of its lease term for \$1.00.

## 450 North Main Street, Freeport

Area – Gross SF	20,897 square feet. <sup>1</sup>	OWNED
Area – Usable SF	Not available.	
HHS Users (% of space)	Dept. of Social Services	56.9%
Other Users (% of space)	Public Benefit Corp. (tenant)	43.1%

<sup>1</sup> As provided by Nassau County Department of Public Works. Measurements not confirmed by HLW.

This one-story, brick building was converted for the County's use; it formerly was a BOCES garage. It has two separate heating systems, and most air conditioning is by window units. This facility was not inspected by the Project Team.



## 1425 Old Country Road, Plainview

	Building G – Davis (Plainview Rehab)		Building L (Topic House)		Building H (Veterans Clinic)	
Area – Gross SF	69,016 square feet <sup>1</sup>		27,878 square feet <sup>1</sup>		23,978 square feet <sup>1</sup>	
Area – Usable SF	Not available.		Not available.		Not available.	
HHS Users (% of space)	Drug & Alcohol	87.2%	Drug & Alcohol	100%	Veterans Services	62.0%
Other Users (% of space)	Police Department	11.6%			Vacant Space	31.9%
	Dept. of Corrections	1.2%			Marine Corps	6.1%

<sup>1</sup> As provided by Nassau County Department of Public Works. Measurements not confirmed by HLW.

These three buildings are among several at the Plainview Complex that are leased by Nassau County from Computer Associates. The County's only rental obligation is to pay the operating expenses and real estate taxes for these facilities. According to Nassau County, although the County's lease does not expire until December 2019, Computer Associates would be willing to allow the County to vacate the properties.

Plainview Rehab and Topic House are substance abuse residential treatment facilities operated by Drug & Alcohol. While a decision has not made, the County is considering outsourcing these services.

In addition to the above facilities, the County houses various other Health & Human Services functions at the following satellite locations. In most cases, these locations are assumed to remain in both the Base Case and Consolidation scenarios, and are therefore not incorporated into the economic analysis of the major properties. Any real estate decisions for these facilities will be made on a case-by-case basis, as dictated by the County's ability to provide continuing services to these constituencies.

These facilities were not inspected by the Project Team.



## H&HS SATELLITE FACILITIES

H&HS Function	Facility <sup>1</sup>	Own/Lease	Lease Expiration
Department of Social Services	Family Court, 1200 Old Country Road	OWNED	
	Juvenile Detention Center, 61 Carman Ave.	OWNED	
Department of Health	209 Main St, Hempstead (Laboratories)	OWNED	
	26 Main St, Hempstead (Infant Mortality, WIC)	LEASED	Feb 2023
	101 St. Andrews Lane, Glen Cove	OTHER <sup>2</sup>	
	682 Union Ave, Westbury (WIC)	OTHER <sup>3</sup>	
	161 Hempstead Turnpike, Elmont (WIC)	OTHER <sup>3</sup>	
	Nassau University Medical Center (WIC)	LEASED	Mo. – Mo.
	460 N. Main St, Freeport (WIC)	OTHER <sup>3</sup>	
	615 Riverside Blvd, Long Beach (WIC)	OTHER <sup>3</sup>	
	270 Lawrence Ave, Inwood (WIC)	OTHER <sup>3</sup>	
Mental Health	Correctional Center	OWNED	
	Nassau University Medical Center	LEASED	Mo. – Mo.
Senior Citizens	1489 Old Northern Blvd, Roslyn	OWNED	
	103 Grumman Road West, Bethpage	OWNED	
	167 E. Park Ave, Long Beach	LEASED	Mo. – Mo.
	Meadowbrook Road, North Merrick	LEASED	Jul /2004
	488 Hempstead Turnpike, Elmont	OWNED	
Drug & Alcohol	256 Old Country Rd, Hicksville (EAP)	not known	
	99 Main St, Hempstead Dist. Court (STEP)	OWNED	
	Correctional Center	OWNED	
	Nassau University Medical Center	LEASED	Mo. – Mo.

<sup>1</sup> May be shared with other functions. Not enough information was provided by Nassau County to list the occupied areas for each HHS function.

<sup>2</sup> Operated by North Shore University Hospital.

<sup>3</sup> Community-run facility operated by Public Benefit Corporation.

In addition to the HHS functions described above, Insignia/ESG was also asked to include the following General Services groups with the strategic plan for HHS:

## OTHER FUNCTIONS INCLUDED

General Services Functions	Facility	Staff	Gross SF <sup>1</sup>	Own/Lease
Minority Affairs	1 West Street, Mineola	2	n/a	OWNED
Human Rights	160 Old Country Road, Mineola	10	4,560	OWNED
C.A.S.A.	40 Main Street, Hempstead	5	4,100	LEASED

<sup>1</sup> Estimated Gross SF occupied by the respective functions in each facility.



## B. Operational & Qualitative Issues

Following are some of the major operational and qualitative issues that were identified or raised during the course of our analysis period. Most of these issues are related to the physical condition of the Health & Human Services facilities, and should be part of all Nassau County decisions on how to manage its facilities prospectively, irrespective of whether it elects to continue to operate as-is or to consolidate into a redefined Health & Human Services Center campus.

Advocate Consulting, HLW, JB&B, and Ambient toured many of these major facilities with Insignia/ESG and Nassau County representatives as part of an initial due diligence during the first 30 days of this strategic planning effort. Given the timeframe to complete this plan, such tours were necessarily macro in scope. The intent of the tours was to identify only the major operational or physical problem areas that would have a direct impact on the cost and viability of each major building's continued use and operation within the context of each occupancy scenario.

While a comprehensive list of upgrades and renovations has been recommended by the engineers and architect in the Building Evaluations Report to address the most significant building issues (and therefore the most costly to remedy) in each of the major facilities, there are potentially additional issues that would be identified by a more exhaustive review. Once a specific course of action is agreed upon, Nassau County should authorize a more thorough due diligence for each building to provide a more comprehensive compilation of existing building conditions and allow more detailed cost estimates to be developed.

The major operational and qualitative issues are described below. The remedy for specific building physical deficiencies (where applicable), and the costs thereof, vary by scenario and are described for each in the Financial Analysis section.

- An overriding objective of the Health & Human Services department is to create an improved client services platform for the Intake component that would provide Nassau County with the ability to service a myriad of client needs from a single location; i.e., the implementation of a “no wrong door” concept. The idea behind this concept, as expressed by HHS representatives and the County Executive, is that while a client may seek out social services assistance for multiple needs, the current services platform often requires them to visit not only different departments, but also different County facilities in diverse locations. The “no wrong door” concept, as envisioned, would allow a client to come to one central location, express his/her needs, and be directed to the appropriate contacts within that one location. The coincidental implementation of new and improved



technology systems would allow the County to better identify the scope of services that the client could qualify for, and to better track the actual services provided on the client's behalf and the overall case history. The client's background and personal information would be automated by the County on a system that would be accessible by designated HHS disciplines, thereby making the application process more efficient for both the client and County employees.

- **Location** – The location of the HHS Center, especially the Intake component, is a key decision criteria for the Consolidation project. The Intake component requires good access via public transportation services, as well as adequate infrastructure (surface parking or parking deck) to accommodate a large parking requirement. However, because of the nature of the use, local objections to the relocation of an Intake facility into most communities will be an obstacle that the County must address. New York State must also approve any HHS relocation.
- **Parking** – The availability of parking has been expressed by Nassau County as one of the most challenging problems of its Mineola campus. In addition to the Social Services Building (which shares a surface parking lot with the State Supreme Court), parking shortfalls also affect the current operations of the Department of Health and Mental Health at 240 Old Country Road, and the Office of Physically Challenged and Senior Citizen Affairs at the Old Courthouse.
- **Building Systems** – The building systems of the current Social Service Building and 240 Old Country Road, as pointed out in the accompanying Building Evaluations Report and summarized in Section V-A, require significant upgrades to bring the facilities and equipment infrastructure up to acceptable performance levels, improve operating efficiency, and to ensure long-term performance. While many of the systems are in working order today, their age and past deferred maintenance are bound to take their toll. Efficient building systems are also important to improve the employee work environment. In several cases, HVAC is inadequate or limited to window or roof-top units. By upgrading to a central building system, in those cases if justified by the building size, improved distribution and air quality can be realized for the benefit of all occupants.
- **Federal Reimbursements** – For some HHS functions, especially Intake services, partial reimbursement of certain occupancy expenses from Federal and State-sponsored programs could have a significant impact on the net cost to Nassau County of pursuing a particular strategy. The reimbursement provisions are complicated to interpret, with percentage reimbursements, maximum caps and qualifying expenses that vary significantly, often depending on department, program and/or employee job descriptions. HHS has provided Insignia/ESG with



a spreadsheet model to use as a proxy to estimate this impact, and percentage estimates provided by HHS are used to estimate reimbursements to be netted against projected costs for each scenario on the summary tables in Section V-D.

HHS has also indicated that there may be other Federal programs to provide limited, one-time funds toward the cost of certain qualifying equipment and infrastructure improvements. We have not made any estimates as to the magnitude of potential contributions. Such funds, if available, would serve to reduce the capital requirements otherwise estimated in our analysis.

- Information Technology – The County Executive has expressed a desire to upgrade the County’s information technology infrastructure to allow all employees to work more efficiently, to more quickly access County data, and to generally provide a higher level of service to County residents. Each occupancy scenario assumes a technology upgrade to a current standard defined as acceptable by Nassau County.
- Environmental – There are instances where environmental issues such as asbestos insulation, fireproofing or floor tiles could become exacerbated by the renovation work contemplated in the Base Case Scenario, especially for the Social Services Building. The Base Case Scenario assumes that any asbestos-containing materials or other hazardous materials will be removed during the building renovations.
- ADA Compliance – As outlined in Section II, there are some instances where ADA upgrades will be required in coordination with the construction or renovation of the County’s facilities. It is assumed that the County would provide reasonable accommodations to comply with the legislation.
- Headcounts and space standards –As part of the County’s fiscal recovery plan, headcount reductions are expected across most areas of County government. As built today, the current facilities have not adhered to any consistent or uniform space standards in the construction of office space. There are both areas that are configured inefficiently from an space utilization standpoint, and areas where employees are housed in much denser configurations than would normally be expected. Although in the Base Case Scenario we have made the assumption that existing office/workstation layouts will not be reconfigured, in the Consolidation scenarios it is assumed that, in coordination with the base building system work, new uniform space standards will be applied across the HHS functions to realize more space efficiency and create flexibility for future configurations. Other space saving concepts, including hoteling and desk sharing, are also incorporated into the Consolidation scenarios.

## C. Scenario Planning

In general, the objective of Scenario Planning is to explore a range of occupancy strategies, timing and alternative deal structures, and to detail the opportunities and risks in a clear and concise manner. The implications of various real estate occupancy strategies and the disposition opportunities that might coincide with them are analyzed and explored.

While there are many scenarios that can be analyzed, given the number of facilities owned by Nassau County, this initial planning effort for the HHS Consolidation focuses on a manageable number of options as identified by Nassau County, any of which could be implemented. Because of the number of owned facilities involved, variations on the occupancy strategy chosen will have a direct impact on the timing and selection of specific disposition alternatives. Once the County selects a preferred HHS strategy, variations can be further explored and, if applicable, a variety of deal structures developed to evaluate the most economical implementation for Nassau County.

Following are descriptions for both the Base Case and alternative occupancy scenarios of consolidation that were developed with the County's input.

### BASE CASE SCENARIO

The purpose of the Base Case is to establish a benchmark cost against which all other scenarios can be compared. In the Base Case, we assumed that major Health & Human Service groups and selected General Services functions would remain in their present locations. The current Health & Human Service and General Services functions considered for the HHS consolidation project are currently located at the following sites:



PRIMARY BUILDINGS	Building Gross SF	HHS Functions in Occupancy	HHS % of Building <sup>1</sup>	HHS Occupied Gross SF
Social Services Building	294,842	Dept. of Social Services	80.6%	237,643
240 Old Country Road	217,233	Dept. of Health, Mental Health	26.3%	57,132
Old Courthouse	134,984	Office of the Physically Challenged, Senior Citizen Affairs	12.8%	17,278
40 Main St, Hempstead	67,115 <sup>2</sup>	Drug & Alcohol, Youth Board, C.A.S.A. <sup>3</sup>	58.7%	39,402 <sup>2</sup>
1425 Old Country Road				
Davis Building (G)	69,016	Drug & Alcohol	87.2%	60,182
Topic House (L)	27,878	Drug & Alcohol	100.0%	27,878
Veterans Clinic (H)	23,978	Veterans Services	62.0%	14,866
450 N. Main St, Freeport	20,897	Dept. of Social Services	56.9%	11,897
160 Old Country Road	18,393	Human Rights <sup>3</sup>	24.8%	4,560
<b>TOTAL HHS BASE CASE GROSS SF OCCUPIED</b>				<b>470,838</b>

<sup>1</sup> Percent of Building used by Health & Human Services functions; balance of building used by other Nassau County verticals.

<sup>2</sup> 40 Main Street area is denoted inrentable square feet, based on the lease.

<sup>3</sup> General Services functions that will be located with the HHS vertical.

Geographically, although these buildings are spread around the County, 67% of this space is located in the County's Mineola complex. All of the buildings except for 40 Main Street and 1425 Old Country Road are owned by Nassau County.

From a building operations standpoint, the Base Case assumes that the base building system and technology upgrades (identified by JB&B and HLW as necessary in the Building Evaluation Report) are operationally necessary and are completed by the County to improve the work environment to a consistent level for all of the buildings.

However, the Base Case differs from the Consolidation cases in that the building interiors are not renovated or rebuilt to meet more efficient space standards, and furniture is not replaced. In effect, the interiors remain as they are currently.

Also, in the Base Case, it is assumed that the historical renovation to the Old Courthouse is not undertaken. It remains approximately 135,000 gross SF. No costs are included in the Base Case to remedy any parking shortfalls in and around the Social Services Building and the rest of the Mineola "complex".



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A schedule of the Base Case capital costs (in 2003 \$), as estimated by Advocate Consulting Group, is provided in of Section V-D. This preliminary budget estimates that \$47.3 million would be required over the years 2003-2004 for HHS's share of these building upgrades for the HHS primary properties. When the capital costs are spread across two or more years in the financial analysis, they have been adjusted for inflation by 3% per year.

#### CONSOLIDATION SCENARIOS

The purpose of the Consolidation Scenarios is to identify alternative housing arrangements that provide for more efficient use of space and can achieve substantial consolidation of as many of the main Health & Human Services Center functions as possible into a single location, and thereby facilitate the "no wrong door" concept. The first two scenarios are anchored around a new, single location for HHS Intake and Administrative (back-office) functions. In the period of time allotted by the County, we have provided a macro-level evaluation and analysis of several options that could be viewed as representative for Consolidation scenarios as a whole.

For purposes of this plan, Nassau County has specified that the following groups, currently housed in the buildings outlined under the Base Case scenario above, be considered for consolidation into the Health & Human Services Center. This table illustrates the distribution of the County's projected HHS headcounts between Intake (front-office), Administrative (back-office), Flex (positions that could be located with either the Intake or Administrative functions), and off-site locations. These totals, provided by HHS staff, are comprised of General Fund employees, Grant Fund employees, and contractors. Staff at the off-site locations are not included as part of the Consolidation analysis.

Although no decision has been made by Nassau County, the estimates below assume that the Plainview Rehab and Topic House facilities will be out-sourced at some point in the future, and are therefore not included in a consolidated facility.



Department	Intake <sup>1</sup>	Admin <sup>1</sup>	Flex <sup>1</sup>	Subtotal <sup>1</sup>	Offsite Staff <sup>2</sup>	Total Staff
Dept. of Social Services	571	156	301	1,028	93	1,121
Dept. of Health	---	317	---	317	67	384
Mental Health	---	36	---	36	7	43
Senior Citizens	16	57	---	73	21	94
Veterans Services	5	4	---	9	---	9
Youth Board	5	28	---	33	---	33
Drug & Alcohol <sup>3</sup>	41	99	---	140	22	162
Handicapped	2	4	---	6	---	6
<b>SUBTOTAL, HHS</b>	<b>640</b>	<b>701</b>	<b>301</b>	<b>1,642</b>	<b>210</b>	<b>1,852</b>
Human Rights	---	10	---	10	---	10
C.A.S.A.	1	4	---	5	---	5
Minority Affairs	---	2	---	2	---	2
<b>PROJECTED TOTAL STAFF</b>	<b>641</b>	<b>717</b>	<b>301</b>	<b>1,659</b>	<b>210</b>	<b>1,869</b>
Adjustment for Shared Positions	( 23)	( 26)	( 50)	( 99)	---	( 99)
<b>PROJECTED NET POSITIONS <sup>4</sup></b>	<b>618</b>	<b>691</b>	<b>251</b>	<b>1,560</b>	<b>210</b>	<b>1,770</b>

<sup>1</sup> Total projected employees to include in consolidation; includes General Fund, Grant Fund and Contractors. Provided by HHS staff.

<sup>2</sup> Total employees to remain located at off-site facilities; includes General Fund, Grant Fund and Contractors. Provided by HHS staff. Not part of the consolidation analysis.

<sup>3</sup> Excludes Plainview Rehab and Topic House facilities.

<sup>4</sup> Number of programmed seats to determine space requirements as estimated by HLW based on discussions with HHS staff. Takes into account that some seats will be shared by full-time employees that are not in the facility on a daily basis and by part-time employees working staggered shifts.

The occupancy and operational profiles for each consolidation scenario are described below. Most of the financial assumptions, including all of the renovation and other capital costs, are detailed in the Financial Analysis section.

The structure of each Consolidation scenario assumes the following:

- Although it is a costly proposition, the new Health & Human Services Center in each of the three scenarios will be characterized by new base building systems (HVAC, mechanical, electrical, and plumbing). Such improved systems will enhance the work environment and will likely be less costly to operate given recent technological improvements. Each building's technology

infrastructure will be built-out to what is perceived to be an acceptable standard today as agreed to by Nassau County, and any hazardous materials (as identified by Ambient Group) in the buildings are removed.

- The interior spaces will be newly built, and more efficient space standards as agreed to by HLW and Nassau County representatives are implemented, resulting in an overall density of approximately 185 usable SF per person for the Intake operations, and of approximately 147 usable SF per person for the Administrative operations. HLW's working assumptions for the space requirements are shown on the following page.
- New furniture systems are installed, and all workstations are large enough to accommodate significant paperwork.
- For Intake and Admin, assumed that "team" areas would be allocated to encourage employees to work interactively and promote more teamwork.
- Probation functions, currently located at the Social Service Building, do not relocate with the HHS functions. (The County must decide whether to continue to co-locate Probation with HHS, or to coordinate it with one of the other Strategic Plans.)
- The Health Lab at 209 Main Street in Hempstead is not included as part of the Consolidation process, and will remain at the current location. It has no functional adjacencies to any of the HHS Intake or Administrative functions, and has a specialized build-out that would be expensive to replace.
- Of the DSS offsite employees, 19 have operational reasons to locate with the Family Court, and 75 have operational reasons to locate with the Juvenile Detention Center. It is assumed that the space requirements for these DSS functions will be accommodated within the space plans for these other functions.
- New York State must approve any HHS relocations.



## Assumptions for HHS Projected Space Requirements <sup>1</sup>

<b>Office and Workstation Sizes:</b>		
Commissioner Office.....	240 Usable SF	
Deputy Commissioner Office.....	150 Usable SF	
Private Office.....	120 Usable SF	
Supervisor Workstation.....	96 Usable SF	
Shared Workstation.....	72 Usable SF	
General Workstation.....	64 Usable SF	
<b>Ancillary &amp; Support Spaces:</b>		
Conference Rooms & Team Areas .....	18 Usable SF per Employee	(for 50% of staff)
Waiting Areas .....	15 Usable SF per Client	(assumed peak of 440)
Interview Booths.....	48 Usable SF per Client	(assumed peak of 270)
Records Storage.....	10 Usable SF per Employee	(for 100% of staff)
Cafeteria.....	15 Usable SF per Employee	(assumed two seatings)
<b>Hoteling Assumptions <sup>2</sup>:</b>		
Intake (Front-Office).....	5.0% effective rate	
Flex Group.....	16.7% effective rate	

<sup>1</sup> As assumed by HLW after discussions with Nassau County HHS.

<sup>2</sup> The “Hoteling” concept is based on the idea that some employees are in the office only infrequently, and therefore do not need dedicated desks. Instead, these employees can reserve a common workstation/office on a scheduled basis.

### CAMPUS 3A – CONSOLIDATE INTO LEASED SPACE AT AN EXISTING FACILITY

Campus 3A represents a scenario that capitalizes on the availability of an existing facility to be leased, to more quickly achieve a centralized “campus” for the HHS functions. This consolidated facility will require approximately 304,200 gross square feet, according to HLW, and will include all HHS Intake and Administrative functions as well as the Flex operations.

The selected facility would have to meet the County’s location and public access parameters, and provide adequate parking for both employees and visitors.

A key assumption for this scenario, which has a significant impact on the occupancy schedule, is that the landlord’s contractor would do any necessary interior construction build-out and/or renovations, rather than the County having to bid the process and select an independent contractor. The lease negotiation process would specifically require competitive construction pricing by the landlord, with specific audit and review rights reserved to the County.



### *Conceptual Schedule*

The following preliminary schedule describes a potential timeline for the implementation of the Campus 3A plan. These construction time periods are estimates provided by Advocate Consulting and are based on what would be required for a typical corporate build-out. For purposes of the comparative financial analysis only, it is assumed that the consolidation project is initiated on January 1, 2003 (the actual date will depend on the County's decision and approval process). This schedule encompasses approximately 18 to 23 months from initial planning work to occupancy (the timing will vary depending on the unique situation of the actual alternative selected), and begins with the lease negotiations; i.e., it assumes that the preferred alternative has been identified prior to that date and that the Director of Real Estate and Planning, and Insignia/ESG, have been authorized to begin lease negotiations.

It is assumed that the environment impact of the County's consolidation will be completed pursuant to SEQRA during the first 9 months of the schedule coincidental with the programming and design work. While much of this timing is within the County's control, it is our understanding that the SEQRA process could take up to 6 months.

<b>Estimated Construction Schedule</b>	
Timing	Activity
3-6 mos.	<p>Lease negotiations to secure Nassau County's rights and to itemize the landlord's workletter.</p> <p>Background and ethics checks are performed by the County on the landlord.</p> <p>Space programming to determine specific departmental space requirements, floor layout and migration plan.</p>
1 mo.	Obtain approval of lease by County Legislature, County Attorney and County Comptroller.
4-6 mos.	<p>Planning &amp; Design phase</p> <ul style="list-style-type: none"> <li>Assumes all consultants have been selected, and contracts approved.</li> <li>Background and ethics checks are performed by the County on the landlord's contractors.</li> <li>Construction documents are completed.</li> </ul>
9 mos.	<p>Construction Period.</p> <ul style="list-style-type: none"> <li>New base building systems, including HVAC, electrical, fire/life safety, plumbing, and emergency power are installed if necessary, depending on</li> </ul>



<b>Estimated Construction Schedule</b>	
Timing	Activity
	the physical condition of the actual alternative.
1 mo.	A phased move-in will begin in the last month of the Construction Period based on the migration plan developed by Nassau County's architect. However, more time might be required to complete the consolidation given the degree of coordination necessary and the number of locations involved.
18 to 23 mos.	Estimated Total Project Timing

<b>Coincidental Activities</b>	
<ul style="list-style-type: none"> <li>During the months outlined in the Construction Schedule, HHS employees will remain in their current locations. Costs in these properties are "status quo", in that no new capital expenditures are assumed since the occupancy is expected to be short-term. The timing of relocations will vary and will be phased.</li> </ul>	
<ul style="list-style-type: none"> <li>Identify HHS properties for disposition or reuse by Nassau County .</li> </ul>	

#### CAMPUS 3B – CONSOLIDATE INTO A NEW BUILD-TO-SUIT FACILITY ON COUNTY-OWNED LAND

Campus 3B is a scenario whereby a new HHS facility, designed to Nassau County's specifications, is constructed on County-owned land. An example could be the 105 acres in Bethpage that the County will acquire from the U.S. Navy, as long as it meets the County's locational and access parameters for the HHS Consolidation. A new facility could be designed and constructed to maximize efficiency, and to match the operational characteristics of the building with the specific needs of HHS. This consolidated facility would also require approximately 304,200 gross square feet, according to HLW.

#### *Conceptual Schedule*

The following preliminary schedule describes a potential timeline for the implementation of the Campus 3B plan. These construction time periods are estimates provided by Advocate Consulting and are based on what would be required for a typical corporate build-out. For purposes of the comparative financial analysis only, it is assumed that the consolidation project is initiated on January 1, 2003 (the actual date will depend on the County's decision and approval process). This schedule encompasses approximately 30 to 36 months from initial planning work to occupancy, and begins with the architectural space



programming effort to determine the target space requirements for each HHS function.

It is assumed that the environment impact of the County's consolidation will be completed pursuant to SEQRA during the first 9 months of the schedule coincidental with the programming and design work. While much of this timing is within the County's control, it is our understanding that the SEQRA process could take up to 6 months.

<b>Estimated Construction Schedule</b>	
Timing	Activity
3-6 mos.	Space programming to determine specific departmental space requirements, floor layout and migration plan.
6 mos.	Planning & Design phase <ul style="list-style-type: none"> <li>Assumes all consultants have been selected, and contracts approved.</li> <li>County drafts contractors' contract to be included in bid package.</li> <li>Background and ethics checks are performed by the County on potential bidders.</li> <li>Construction documents are completed, and bid packages distributed.</li> </ul>
2 mos.	Bidders tour the land site and prepare bid responses.
2 mos.	County review of bid submissions, leveling of costs, and selection of a recommended contractor.
1 mo.	Obtain County Legislature approval of Contractor.
2 mos.	Contract negotiation.
1 mo.	Obtain approval of contract by County Legislature, County Attorney and County Comptroller.
12-15 mos.	Construction Period. <ul style="list-style-type: none"> <li>Assumes that Nassau County has clear title to the property, and that the site is free of hazardous materials.</li> <li>Core and shell construction, including base building systems (HVAC, electrical, fire/life safety, plumbing, and emergency power) are installed.</li> <li>Interior construction is completed; furniture and equipment are installed.</li> </ul>
1 mo.	A phased move-in will begin in the last month of the Construction Period based on the migration plan developed by Nassau County's architect. However, more time might be required to complete the consolidation given the degree of



Estimated Construction Schedule	
Timing	Activity
	coordination necessary and the number of locations involved.
30-36 mos.	Estimated Total Project Timing

Coincidental Activities	
<ul style="list-style-type: none"> <li>During the months outlined in the Construction Schedule, HHS employees will remain in their current locations. Costs in these properties are “status quo”, in that no new capital expenditures are assumed since the occupancy is expected to be short-term. The timing of relocations will vary and will be phased.</li> </ul>	
<ul style="list-style-type: none"> <li>Identify HHS properties for disposition or reuse by Nassau County.</li> </ul>	

CAMPUS 3C – SPLIT OPERATIONS: INTAKE IN LEASED FACILITY; ADMINISTRATIVE AND FLEX IN A COUNTY-OWNED FACILITY

Campus 3C assumes HHS’s Intake and Admin/Flex functions will be housed in separate facilities, and may or may not be proximate to each other. Each assumes that an existing building will be renovated and built-out for HHS’s use; a leased facility for Intake and an existing County-owned building for Admin/Flex.

The Intake requirement will be consolidated into approximately 142,600 gross square feet in a leased facility. There are currently several alternatives in Nassau County that could meet this requirement. However, each will have to be closely evaluated for conformance with HHS’s key real estate decision criteria. Location, access to mass transit, and adequate parking are some of the most important criteria that will determine whether a given alternative will be a viable option for the implementation of the “no wrong door” concept.

The HHS Administrative and Flex requirements of approximately 167,600 gross square feet, however, would have to be located at a separate site. Because of the administrative nature of its operations, this facility could be located almost anywhere in the county, including the Mineola complex if space becomes available. In the financial analysis, we have assumed that this function would occupy an existing County-owned building, the current Police Headquarters building at 1490 Franklin, although it could be located in a leased property as well.



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### *Conceptual Schedule*

The following preliminary schedules describe potential timelines for the implementation of the Campus 3C plan, which would be predominantly driven by the redevelopment schedule of the County-owned facility selected to house the Admin/Flex functions. These construction/renovation time periods are estimates provided by Advocate Consulting and are based on what would be required for a typical corporate build-out. For purposes of the comparative financial analysis only, it is assumed that the consolidation project is initiated on January 1, 2003 (the actual date will depend on the County's decision and approval process).

Because two buildings will be involved, the schedule for one could operate independent of the schedule of the other. For example, the Intake program could start immediately because the future space would most likely be vacant upon lease execution.

The initiation of the Admin/Flex program, however, must be closely coordinated with the projected vacancy date of another County-owned building; this will likely occur only in conjunction with the implementation of one of the other strategic plans. A possibility is the reuse of the Police Headquarters building, should Nassau County elect to relocate the Public Safety Center to Grumman #5 as contemplated in the Campus 2A scenario of the Public Safety Center Strategic Plan. If this is the case, demolition and construction of the new Admin/Flex premises could not begin until after the Police had vacated the building possibly in 2005. If the Intake consolidation is completed first, the space freed-up in the Social Service Building and 240 Old Country Road could be used as swing space during the renovation of other County properties.

The two schedules, therefore, are presented independently since one is not necessarily dependent on the other. Each begins with the architectural space programming effort to determine the target space requirements for each HHS function. It is assumed that the environmental impact assessment of the County's consolidation will be completed pursuant to SEQRA during the first 9 months of the schedule coincidental with the programming and design work. While much of this timing is within the County's control, it is our understanding that the SEQRA process could take up to 6 months.



For the Intake requirements, the schedule is essentially the same as for Campus 3A but for the smaller area requirement. The reduced requirement might result in a shorter construction period, thereby reducing the overall schedule. This schedule could be initiated once an alternative is selected.

<b>INTAKE FACILITY: Estimated Construction Schedule</b>	
Timing	Activity
3-6 mos.	<p>Lease negotiations to secure Nassau County's rights and to itemize the landlord's workletter.</p> <p>Background and ethics checks are performed by the County on the landlord.</p> <p>Space programming to determine specific departmental space requirements, floor layout and migration plan.</p>
1 mo.	Obtain approval of lease by County Legislature, County Attorney and County Comptroller.
4-6 mos.	<p>Planning &amp; Design phase</p> <ul style="list-style-type: none"> <li>Assumes all consultants have been selected, and contracts approved.</li> <li>Background and ethics checks are performed by the County on the landlord's contractors.</li> <li>Construction documents are completed.</li> </ul>
9 mos.	<p>Construction Period.</p> <ul style="list-style-type: none"> <li>New base building systems, including HVAC, electrical, fire/life safety, plumbing, and emergency power are installed if necessary, depending on the physical condition of the actual alternative.</li> </ul>
1 mo.	A phased move-in will begin in the last month of the Construction Period based on the migration plan developed by Nassau County's architect. However, more time might be required to complete the consolidation given the degree of coordination necessary and the number of locations involved.
18 to 23 mos.	Estimated Total Project Timing

The schedule for implementation of the Admin/Flex program, while similar in overall timeframe, is more contingent other factors that could control the start date. In scope, it is not that indifferent from the schedule for the renovation/upgrade of One West Street as described in Campus 1A of the Government Operations Center plan. The schedule provides for an overall timing of approximately 28-34 months. Much of the front-end planning and design tasks of this schedule should be done while the PSC space at Grumman #5 is under



construction, so that construction documents are finalized before the space is vacated by the Police and available for the renovations to begin.

<b>ADMIN/FLEX FACILITY: Estimated Construction Schedule</b>	
Timing	Activity
3-6 mos.	Space programming to determine specific departmental space requirements, floor layout and migration plan.
6 mos.	Planning & Design phase <ul style="list-style-type: none"> <li>Assumes all consultants have been selected, and contracts approved.</li> <li>County drafts contractors' contract to be included in bid package.</li> <li>Background and ethics checks are performed on potential bidders.</li> <li>Construction documents are completed, and bid packages distributed.</li> </ul>
1 mo.	Bidders tour the site and prepare bid responses.
2 mos.	County review of bid submissions, leveling of costs, and selection of a recommended contractor.
1 mo.	Obtain County Legislature approval of Contractor.
2 mo.	Contract negotiation and approval of contract by County Legislature, County Attorney and County Comptroller.
12-15 mos.	Construction Period. <ul style="list-style-type: none"> <li>Assumes that space has been vacated on schedule by the Police.</li> <li>Installation of new base building systems (HVAC, electrical, fire/life safety, plumbing, and emergency power).</li> <li>Interior construction is completed; furniture and equipment are installed.</li> </ul>
1 mo.	A phased move-in will begin in the last month of the Construction Period based on the migration plan developed by Nassau County's architect. However, more time might be required to complete the consolidation given the degree of coordination necessary and the number of locations involved.
28-34 mos.	Estimated Total Project Timing

## OTHER SCENARIOS

There are certainly other variations on the Consolidation scenarios evaluated in this report, as well as other possible split operations scenarios which could be developed, including the following:

- The location assumptions made for the split operations for Campus 3C could be varied, i.e., instead of consolidation in the Police Headquarters building, the HHS Administrative/Flex component could instead consolidate in an expanded One West Street, while some Government Operation Center functions could be relocated to a renovated Police Headquarters building.
- If Campus 3C is selected and resolving the County's parking shortfalls in the Mineola remains problematic, the County can manage its overall parking requirement by moving some or all of the Flex functions to the leased facility, with the Intake functions.
- Sale/leaseback of the Build-to-Suit consolidation project. While County ownership was assumed for the HHS in Campus 3B, this would be an excellent candidate for conversion to a sale/lease-back structure. However, the negative cost impact of paying rent based on an investor's rate of return for real estate versus the County's cost of borrowing would have to be closely considered. In addition, possibilities on how to mitigate the County's property tax exposure (as lessee) would have to be explored.



## D. Financial Analysis

For each scenario, Insignia/ESG has developed comprehensive financial models to determine the estimated costs associated with pursuing particular strategies. The models will enable Nassau County to:

- ◆ Determine the implications of any given transaction on a cash basis.
- ◆ Make “real time” changes in assumptions such as timing, capital, economics, purchase or sales price, inflation rates, debt amortization periods, financing assumptions, discount rates, etc. All economic models are developed so that Nassau County can explore sensitivities of all variables.
- ◆ Compare building operating expense costs (to the extent such was accounted for and provided by the County on a detailed basis), as well as other potential occupancy expenses such as the debt service costs associated with former or prospective capital expenditures. These costs have been included based on existing Nassau County costs where such costs were known.

The following sections summarize the major financial assumptions underlying each of the occupancy scenarios developed. Because changes in these assumptions could materially impact one or more of the occupancy scenarios, it is important that the County review and confirm these assumptions. This is particularly relevant in this instance because of the lack of detailed cost information available from the County with respect to many of the current buildings.

### GENERAL ASSUMPTIONS

- Per the County, the analysis period covers 20 years, from January 2003 through December 2022.
- Per the County, all cash flows were discounted monthly using an annual discount rate of 5.5%.
- Certain HHS occupancy costs are eligible for partial reimbursement from Federal and State-sponsored programs. An estimate of the potential reimbursements has been calculated using an analytical model developed by HHS, and the results are included on a summary level as an offset to the projected costs.
- While certain one-time funds from Federally-sponsored programs may be available to offset certain HHS capital investment costs for equipment and infrastructure, we have not had enough information to quantify an estimate.

- Operating expenses, whether provided by the County or estimated by Insignia/ESG and approved by the County, were as of 2001. Expenses for 2003 have been inflated at 3% per annum from 2001.
- All new capital requirements as estimated by Advocate Consulting Group are assumed to be financed by NIFA or an alternative source on a fully amortizing basis over the terms outlined below, at an interest rate of 5.32% for 2003 capital, 6.31% for 2004-2005 capital, and 6.84% for 2006 capital and thereafter (rate supplied by Nassau County consistent with the debt cost assumptions of the Multi-Year Financial Plan 2003-2006), beginning in the middle of the year in which the capital expenditure occurs.
- The time periods used to fully amortize the new debt are based on the Periods of Probable Use (“PPUs”) typically used by the County in its present debt structure, and consistent with Local Finance Law. The periods used vary by building and the type of work done, and are described within each scenario.
- Advocate Consulting Group’s capital estimates were based on 2003 dollar amounts.
- The timing of all capital expenditures is per Advocate Consulting Group. Where applicable, capital costs were split over two or more periods, as described in each scenario. When capital was allocated across multiple years, it was adjusted for inflation at the rate of 3% per year.
- Amortization of Current Debt Outstanding -- Based on the input from the County and Public Financial Management (“PFM”), the current principal and total debt service amounts of county bonds outstanding were identified for each of the buildings as in the following table. Per the County, a proportionate share of this debt service is included in the HHS financial analysis, based on the percentage occupancy of each building by the Health & Human Services Center groups for the Base Case and, when relevant, the Consolidation scenarios. The full amount of debt service is included in the HHS analysis only when the entire building houses only HHS functions.



BUILDING TOTAL EXISTING DEBT COSTS	Outstanding Principal Jan 1, 2003	Scheduled Debt Service 2003-2005	Scheduled Debt Service 2003-2012	Total Debt Service 2003-2020
Social Services Building	\$ 0.519 million	\$ 0.227 million	\$ 0.557 million	\$ 0.714 million
240 Old Country Road	\$ 1.110 million	\$ 0.780 million	\$ 1.257 million	\$ 1.310 million
Old Courthouse	\$ 1.169 million	\$ 0.718 million	\$ 1.394 million	\$ 1.453 million
1425 Old Country Road	\$ 0.409 million	\$ 0.273 million	\$ 0.425 million	\$ 0.425 million
Others HHS facilities:	not known	not known	not known	not known
<b>SUBTOTAL</b>	<b>\$ 3.207 million</b>	<b>\$ 1.998 million</b>	<b>\$ 3.633 million</b>	<b>\$ 3.902 million</b>
NIFA SERIES 2000A: <sup>1</sup> Social Services Building 40 Main Street, Hempstead	\$ 0.150 million \$ 1.452 million	to be determined to be determined	to be determined to be determined	to be determined to be determined
<b>TOTAL</b>	<b>\$ 4.809 million</b>	<b>\$ 1.998 million</b>	<b>\$ 3.633 million</b>	<b>\$ 3.902 million</b>

<sup>1</sup> Not included in analysis. See discussion below.

<sup>2</sup> Debt Service is the scheduled principal and interest payments as calculated by PFM.

Note that debt service repayment information for funds requisitioned from NIFA Series 2000A has not yet been included in the analysis as an ongoing occupancy cost. In the event of a property disposition, however, the gross sales proceeds would be reduced by the amount of the NIFA Series 2000A requisitions, thereby reducing the overall net proceeds available after sale.

Based on the information received from the County and PFM, we could not attribute any outstanding debt directly to 450 N. Main Street and 160 Old Country Road. However, further detailed analysis by the County or PFM into the specific uses of funds within these other projects would be required to definitively determine whether there is any allocation appropriate to these two properties. For purposes of our analysis, we have assumed there is none.

A potential recurring benefit that has not been quantified in this strategic plan is the new County property tax revenue that will arise from former County properties that are sold to private owners and thereby returned to the tax rolls. Per the County's direction, new property tax revenue estimates will be evaluated in a separate report for the potential property dispositions.



## BASE CASE SCENARIO - ASSUMPTIONS

Following is a summary of the major economic assumptions made for the Base Case analysis. The amounts are projected as of January 2003:

## PROJECTED OCCUPANCY COSTS

Variable	Social Services Building	240 Old Country	Old Courthouse	40 Main Street, Hempstead	1425 Old Country (G,H,L)	450 N. Main St.	160 Old Country
HHS Occupied Gross SF:	237,643	57,132	17,278	39,402	102,926	11,897	4,560
Per Gross SF Costs (2003) <sup>1</sup> :							
Operating Expenses	\$4.26	\$5.70	\$5.80	\$0.62	\$6.79	\$0.32	\$4.28
Real Estate Taxes	---	---	---	\$1.58	\$6.64	---	---
Base Rent	---	---	---	\$15.28	---	---	---
Electricity	\$2.79	\$2.21	\$1.85	\$1.35	\$1.60	\$1.22	\$1.95
HHS Functions Occupancy % <sup>2</sup>	80.6%	26.3%	12.8%	58.7%	Varies	56.9%	24.8%
<u>Outstanding Debt (millions) :</u>							
Building Total – Principal <sup>3</sup>	\$0.519	\$1.110	\$1.169	n/a	n/a	n/a	n/a
HHS Share – Principal <sup>4</sup>	\$0.419	\$0.292	\$0.150	n/a	n/a	n/a	n/a
HHS Share – Total Debt Srvc <sup>5</sup>	\$0.575	\$0.345	\$0.186	n/a	n/a	n/a	n/a
NIFA Debt – Total Principal <sup>6</sup>	\$0.150	n/a	n/a	n/a	\$1.452	n/a	n/a

<sup>1</sup> 2001 costs as provided Nassau County, escalated to 2003 at 3% per year. If Operating Expense or Electricity costs were not provided, Insignia/ESG estimated a cost based on the range of expenses that were provided by the County for other properties.

<sup>2</sup> Portion of each building occupied by HHS functions as compared to uses for other Nassau County verticals.

<sup>3</sup> Current Estimated Debt outstanding as of January 1, 2003 (principal amount).

<sup>4</sup> Projected HHS allocated share of principal balance as of January 1, 2003; Building Total x HHS Functions Occupancy %.

<sup>5</sup> Projected HHS allocated share of Total Debt Service as of January 1, 2003 included in the current costs of each building.

<sup>6</sup> Principal amount of NIFA requisitions as of January 1, 2003.

The capital budget for the Base Case scenario, as estimated by Advocate Consulting Group based on the architectural review by HLW and the engineering review by JB&B and Ambient Group, is summarized on the following page. All amounts are estimates based on 2003 costs. In the financial analysis, any capital amounts allocated to periods after 2003 are inflated at 3% per year. Advocate's detailed calculations are included in the Appendix.



<b>BASE CASE CAPITAL BUDGET (\$ as of 2003)</b>	<b>Social Svcs Bldg</b>	<b>240 Old Country Rd</b>	<b>Old Courthouse</b>	<b>40 Main St (Hempstead)</b>	<b>All Others</b>	<b>TOTAL</b>
GROSS BUILDING AREA (SF)	294,800	217,000	135,000	67,000	160,100	873,900
<b>BUILDING IMPROVEMENTS</b>						
Construction Fit Out (Arch.)	\$5,896,000	\$4,340,000	\$2,700,000	\$335,000	\$3,202,000	\$16,473,000
HVAC	\$4,422,000	\$3,255,000	\$2,025,000	\$0	\$2,401,500	\$12,103,500
Sprinkler	\$737,000	\$542,500	\$337,500	\$0	\$400,250	\$2,017,250
Electric	\$4,422,000	\$3,255,000	\$2,025,000	\$0	\$2,401,500	\$12,103,500
Plumbing	\$884,400	\$651,000	\$405,000	\$0	\$480,300	\$2,420,700
Abatement	\$6,780,400	\$434,000	\$270,000	\$0	\$160,100	\$7,644,500
Elevator Upgrade	\$294,800	\$217,000	\$135,000	\$0	\$0	\$646,800
Security	\$294,800	\$217,000	\$135,000	\$0	\$160,100	\$806,900
Utility Upgrade	\$0	\$0	\$0	\$0	\$0	\$0
Parking	\$0	\$0	\$0	\$0	\$0	\$0
Consulting (10% of hard cost)	\$2,373,140	\$1,291,150	\$803,250	\$33,500	\$920,575	\$5,421,615
Contingency (5% of cost)	\$1,305,227	\$710,133	\$441,788	\$18,425	\$506,316	\$2,981,888
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$27,409,767</b>	<b>\$14,912,783</b>	<b>\$9,277,538</b>	<b>\$386,925</b>	<b>\$10,632,641</b>	<b>\$62,619,653</b>
<b>FF&amp;E</b>						
<b>TOTAL FF&amp;E</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>INFORMATION TECHNOLOGY</b>						
Technology cabling / backbone	\$2,800,600	\$2,061,500	\$1,282,500	\$0	\$1,520,950	\$7,665,550
Technology Electronics & Equipment	\$2,948,000	\$2,170,000	\$1,350,000	\$0	\$1,601,000	\$8,069,000
Contingency (5% of cost)	\$287,430	\$211,575	\$131,625	\$0	\$156,098	\$786,728
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$6,036,030</b>	<b>\$4,443,075</b>	<b>\$2,764,125</b>	<b>\$0</b>	<b>\$3,278,048</b>	<b>\$16,521,278</b>
<b>MOVING &amp; TRANSITION COSTS</b>						
Moving & Storage	\$589,600	\$434,000	\$270,000	\$67,000	\$320,200	\$1,680,800
Transition Costs	\$1,179,200	\$868,000	\$540,000	\$0	\$160,100	\$2,747,300
Contingency (5% of cost)	\$88,440	\$65,100	\$40,500	\$3,350	\$24,015	\$221,405
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$1,857,240</b>	<b>\$1,367,100</b>	<b>\$850,500</b>	<b>\$70,350</b>	<b>\$504,315</b>	<b>\$4,649,505</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$35,303,037</b>	<b>\$20,722,958</b>	<b>\$12,892,163</b>	<b>\$457,275</b>	<b>\$14,415,004</b>	<b>\$83,790,436</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$120 per SF</b>	<b>\$95 per SF</b>	<b>\$95 per SF</b>	<b>\$7 per SF</b>	<b>\$90 per SF</b>	<b>\$96 per SF</b>
<b>HHS Functions Occupancy %</b>	<b>80.6%</b>	<b>26.3%</b>	<b>12.8%</b>	<b>58.7%</b>	<b>74.5%</b>	
<b>Capital Allocated to HHS Functions</b>	<b>\$28,454,248</b>	<b>\$5,450,138</b>	<b>\$1,650,197</b>	<b>\$268,466</b>	<b>\$10,744,786</b>	<b>\$46,567,834</b>

Key assumptions of this budget include:

- Assumes the County continues to live in the existing spaces “as is”, with no capital spent on renovation of the interiors or furniture. The only capital assumed to be expended is to modernize outdated or under-performing base building systems (HVAC, electricity, elevators, etc.) and each building’s



information technology infrastructure as identified by JB&B in the Building Evaluations Report.

- Assumed 50% of the total capital expenditures are made in 2003, with the balance in 2004. Limited capital is spent at 40 Main Street since it has been recently renovated.
- Capital expenditures were assumed to be financed over appropriate periods-of-probable-use (PPUs) consistent with Local Finance Law. 15 years was used to amortize the cost of improvements to the County-owned buildings listed above, and a 20-year PPU was assumed for 40 Main Street.
- Assumes no capital expenditure to provide additional parking spaces.
- Assumes no improvements in space efficiencies, or disposition of any of the HHS facilities.
- According to HHS, approximately 40% of the non-interest charges under this scenario might be reimbursable through Federal and State programs. **THIS RATE IS UNIQUE TO THIS BASE CASE SCENARIO.**

#### CONSOLIDATION SCENARIOS – COMMON ASSUMPTIONS

Following is a summary of the major economic and preliminary space programming assumptions that are common to each of the three consolidation scenarios.

- The consolidated requirement includes a cafeteria, records storage, and a 6,000 SF computer server room.
- FF&E expenditures are based on acquiring new furniture at \$20.00 per gross square foot. The purchase of used furniture, if available, could potentially generate cost savings.
- Capital expenditures were assumed to be financed over appropriate PPU consistent with Local Finance Laws. For the Consolidation scenarios, all costs associated with the renovation of existing buildings were amortized over 20 years, and the costs for all new construction were amortized over 30 years.
- According to HHS, the following percentages of the non-interest charges under each scenario might be reimbursable through Federal and State programs: 37% for 3A; 40% for 3B; and 40% for 3C. **THESE RATES ARE UNIQUE TO THESE SPECIFIC SCENARIOS AND SPACE REQUIREMENTS.**



CAMPUS 3A – CONSOLIDATION ASSUMPTIONS

CONSOLIDATE TO AN EXISTING FACILITY TO BE LEASED

Following are the major economic assumptions made for the Campus 3A analysis.

The Occupancy Costs below are projections to January 2003 for operating expenses and electricity.

PROJECTED OCCUPANCY COSTS

Variable	HHS in Leased Facility
HHS Occupied Gross SF:	304,200
Per Gross SF Costs <sup>1</sup> :	
Base Rent	\$12.00 Net
Operating Expenses	\$5.00
Real Estate Taxes	\$6.00
Electricity	\$2.50

<sup>1</sup> Estimates based on offered terms for similar properties.

Significant capital costs are required to build-out the interior improvements for HHS's use. These costs could be mitigated in a leased facility by the amount of tenant improvement allowance, if any, provided by the landlord as an inducement to enter into the lease.

A preliminary capital budget for Campus 3A is shown on the following page. These capital costs are assumed to be financed and amortized as described on Page 30.

<b>CAMPUS 3A CAPITAL BUDGET (\$ as of 2003)</b>	<b>Leased Building</b>
GROSS BUILDING AREA (SF)	304,200
<b>BUILDING IMPROVEMENTS</b>	
Tenant Improvements (interiors)	\$22,815,000
Consulting (10% of hard cost)	\$2,281,500
Contingency (5% of cost)	\$1,254,825
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$26,351,325</b>
<b>FF&amp;E</b>	
Furnishing & Equipment	\$6,084,000
Contingency (5% of cost)	\$304,200
<b>TOTAL FF&amp;E</b>	<b>\$6,388,200</b>
<b>INFORMATION TECHNOLOGY</b>	
Technology cabling / backbone	\$2,129,400
Technology Electronics & Equipment	\$3,042,000
Contingency (5% of cost)	\$258,570
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$5,429,970</b>
<b>MOVING &amp; TRANSITION COSTS</b>	
Moving & Storage	\$608,400
Transition Costs	\$0
Contingency (5% of cost)	\$30,420
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$638,820</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$38,808,315</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$128 per SF</b>
<b>HHS Functions Occupancy %</b>	
<b>Capital Allocated to HHS Functions</b>	<b>\$38,808,315</b>

#### CAMPUS 3B – CONSOLIDATION ASSUMPTIONS

CONSOLIDATE TO A BUILD-TO-SUIT FACILITY ON COUNTY-OWNED LAND

Following are the major economic assumptions made for the Campus 3B analysis.  
The Occupancy Costs below are projections to January 2003 for operating expenses and electricity.

## PROJECTED OCCUPANCY COSTS

Variable	HHS in Build-to-Suit Facility on Owned Land
HHS Occupied Gross SF:	304,200
Per Gross SF Costs <sup>1</sup> :	
Operating Expenses	\$5.25
Real Estate Taxes	---
Electricity	\$2.50

<sup>1</sup> For Build-to-Suit Facility, estimates based on offered terms for similar properties.

A preliminary capital budget for Campus 3B is shown below. These capital costs are assumed to be financed and amortized as described on Page 30.

<b>CAMPUS 3B CAPITAL BUDGET (\$ as of 2003)</b>	<b>Build-to-Suit</b>
GROSS BUILDING AREA (SF)	304,200
<b>BUILDING IMPROVEMENTS</b>	
Base Building Core & Shell	\$38,025,000
Interior Construction	\$22,815,000
Consulting (10% of hard cost)	\$6,084,000
SUBTOTAL	\$66,924,000
Site Work: Utility Upgrades	\$106,470
Site Work: Parking	\$12,160,000
Contingency (5% of cost)	\$3,959,524
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$83,149,994</b>
<b>FF&amp;E</b>	
Furnishing & Equipment	\$6,084,000
Contingency (5% of cost)	\$304,200
<b>TOTAL FF&amp;E</b>	<b>\$6,388,200</b>
<b>INFORMATION TECHNOLOGY</b>	
Technology cabling / backbone	\$2,129,400
Technology Electronics & Equipment	\$3,042,000
Contingency (5% of cost)	\$258,570
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$5,429,970</b>
<b>MOVING &amp; TRANSITION COSTS</b>	
Moving & Storage	\$608,400
Transition Costs	\$0
Contingency (5% of cost)	\$30,420
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$638,820</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$95,606,984</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$314 per SF</b>
<b>HHS Functions Occupancy %</b>	
<b>Capital Allocated to HHS Functions</b>	<b>\$95,606,984</b>



CAMPUS 3C – CONSOLIDATION ASSUMPTIONS

CONSOLIDATE INTAKE TO LEASED FACILITY; ADMINISTRATIVE AND FLEX IN A COUNTY-OWNED BUILDING

Following are the major economic assumptions made for the Campus 3C analysis.

The Occupancy Costs below are projections to January 2003 for operating expenses, and electricity.

Variable	HHS Intake in Leased Facility	HHS Admin & Flex in Owned Facility
HHS Occupied Gross SF:	142,600	167,600
Per Gross SF Costs <sup>1</sup> :		
Base Rent	\$28.00	---
Operating Expenses	Base Year	\$5.25
Real Estate Taxes	Base Year	---
Electricity	\$2.50	\$2.50

<sup>1</sup> If Operating Expense or Electricity costs were not provided, Insignia/ESG estimated a cost based on the range of expenses that were provided by the County for other properties. For New Lease, estimate based on offered terms for similar properties.

A preliminary capital budget for Campus 3C is shown on the following page. These capital costs are assumed to be financed and amortized as described on Page 30. Note that this estimated budget reflects the total capital requirement; in the case of a leased facility, some of this capital might be funded by the landlord/owner in the form of a work allowance.

<b>CAMPUS 3C CAPITAL BUDGET (\$ as of 2003)</b>	<b>New Lease (New Build)</b>	<b>County- Owned</b>	<b>TOTAL</b>
GROSS BUILDING AREA (SF)	142,600	167,600	310,200
<b>BUILDING IMPROVEMENTS</b>			
Construction Fit Out (Arch.)	\$10,695,000	\$1,508,400	\$12,203,400
Consulting (10% of hard cost)	\$1,069,500	\$2,245,840	\$3,315,340
Contingency (5% of cost)	\$588,225	\$1,235,212	\$1,823,437
<b>BUILDING IMPROVEMENTS TOTAL</b>	<b>\$12,352,725</b>	<b>\$25,939,452</b>	<b>\$38,292,177</b>
<b>FF&amp;E</b>			
Furnishing & Equipment	\$2,852,000	\$3,352,000	\$6,204,000
Contingency (5% of cost)	\$142,600	\$167,600	\$310,200
<b>TOTAL FF&amp;E</b>	<b>\$2,994,600</b>	<b>\$3,519,600</b>	<b>\$6,514,200</b>
<b>INFORMATION TECHNOLOGY</b>			
Technology cabling / backbone	\$998,200	\$1,173,200	\$2,171,400
Technology Electronics & Equipment	\$1,426,000	\$1,676,000	\$3,102,000
Contingency (5% of cost)	\$121,210	\$142,460	\$263,670
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$2,545,410</b>	<b>\$2,991,660</b>	<b>\$5,537,070</b>
<b>MOVING &amp; TRANSITION COSTS</b>			
Moving & Storage	\$285,200	\$335,200	\$620,400
Transition Costs	\$0	\$0	\$0
Contingency (5% of cost)	\$14,260	\$16,760	\$31,020
<b>TOTAL MOVING &amp; TRANSITION</b>	<b>\$299,460</b>	<b>\$351,960</b>	<b>\$651,420</b>
<b>BUILDING CAPITAL TOTAL</b>	<b>\$18,192,195</b>	<b>\$32,802,672</b>	<b>\$50,994,867</b>
<b>BUILDING CAPITAL PER SF</b>	<b>\$128 per SF</b>	<b>\$196 per SF</b>	<b>\$164 per SF</b>
<b>HHS Functions Occupancy %</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Capital Allocated to HHS Functions</b>	<b>\$18,192,195</b>	<b>\$32,802,672</b>	<b>\$50,994,867</b>

#### DISPOSITIONS AND PRICE ESTIMATES

At the County's request, Insignia/ESG's discussion on the potential disposition of properties, and estimates of the price that might be achieved, will be provided in a separate report.



#### SUMMARY OF FINANCIAL RESULTS

The following three tables compare the overall financial results of these four scenarios, on both a Total Cost (total dollars expended) basis and Net Present Value (Discounted Cash Flow) basis, over the 2003-2022 (20-year) period. The detailed financial analysis for each scenario is provided separately in Insignia/ESG's "Financial Analysis for Alternative Occupancy Scenarios" for the Health & Human Services Center.

PLEASE NOTE THAT THESE RESULTS ARE THE COSTS ALLOCABLE ONLY TO THE HEALTH & HUMAN SERVICES FUNCTIONS. Costs attributable to other county functions that may share the same facility are not included in these financial results, but will be included in the relevant consolidation plan for those other functions.

While all relevant operating expenses have been included (as provided by Nassau County), there are other potential recurring benefits that have not been quantified. The costs below do not reflect potential cost savings from upgrading the base building mechanical plant at the Social Services Building and 240 Old Country Road. While new, more efficient systems will likely produce operating cost reductions, more detailed study is required to determine the magnitude of the potential benefit. The potential economic benefits of improved employee productivity that could result from improved departmental adjacencies and an improved work environment have also not been quantified for any of the scenarios.

The first table, *Estimated Capital Costs*, summarizes the estimated total capital requirements on an annual basis, based on the assumptions made herein. The 2003 capital cost estimates, shown on previous tables, are escalated at 3% per year based on their estimated year of expenditure.

The second table, *Summary: Total Costs*, compares the net overall scenario costs for the 20-year period on a nominal dollar basis.

The third table, *Summary: NPV Costs*, compares the net overall scenario costs for the 20-year period on a net present value basis, discounted to January 2003 using a discount rate of 5.5% as directed by Nassau County.



## Estimated Capital Costs

Occupancy Scenario (\$ million)	Gross SF	2003	2004	2005	2006	Total (as escalated) (\$ Million) (\$/SF)		Total (2003 \$)
Base Case	470,838	\$23.3	\$24.0	---	---	\$47.3	\$100.39	\$46.6
3A: Consolidate in Leased Facility <sup>1</sup>	304,200	\$6.4	\$33.4	---	---	\$39.8	\$130.78	\$38.8
3B: Consolidate in Build-to-Suit Facility on County-Owned Land	304,200	\$16.6	\$63.6	\$18.297	---	\$98.5	\$323.83	\$95.6
3C: Split Operations:								
- Intake (Leased Facility) <sup>1</sup>	142,600	---	\$ 14.8	\$ 0.3	---	\$ 15.1	\$ 104.24	\$ 14.6
- Admin/Flex (Owned)	<u>167,600</u>	<u>\$ 5.2</u>	<u>\$ 28.4</u>	<u>\$ 0.0</u>	---	<u>\$ 33.6</u>	<u>\$ 200.60</u>	<u>\$ 32.8</u>
	310,200	\$ 5.2	\$ 43.2	\$ 0.3		\$ 48.7	\$ 156.31	\$ 47.4

<sup>1</sup> In leased facilities, Estimated Capital Costs are net of estimated work allowances, if any, that might be offered by landlords as part of a market-based concession package. For 3A, free rent is assumed in lieu of a work allowance. For 3C, the Intake capital is net of an estimated work allowance of \$25.00 per SF.

## Summary: Total Costs (2003-2022)

Occupancy Scenario (\$ million)	Gross SF	Occupancy Costs <sup>1</sup>	Capital Costs <sup>2</sup>	Interest Expense <sup>3</sup>	2003-2022 Gross Cost	Less: Reimburs <sup>4</sup>	2003-2022 Net Cost <sup>5</sup>
Base Case	470,838	\$ 119.2	\$ 47.3	\$ 23.7	\$ 190.2	(\$ 66.6)	\$ 123.9
3A: Consolidate in Leased Facility	304,200	\$ 201.5	\$ 39.8	\$ 24.8	\$ 266.1	(\$ 89.3)	\$ 176.8
3B: Consolidate in Build-to-Suit Facility on County-Owned Land	304,200	\$ 67.6	\$ 98.5	\$ 35.1	\$ 201.2	(\$ 66.4)	\$ 134.8
3C: Split Operations: Intake in Leased Facility, Admin/Flex in Owned	310,200	\$ 156.0	\$ 48.7	\$ 26.8	\$ 231.5	(\$ 81.9)	\$ 149.6

<sup>1</sup> "Occupancy Costs" are the total projected cash costs of operating expenses, electricity/utilities, base rent and real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> "Capital Cost" are the Capital Estimates shown in Section V-D, as escalated to the year of expenditure at 3% per year and net of any estimated landlord work allowances in the case of a lease. Amount represents the pro rata share allocable to HHS functions.

<sup>3</sup> Assumes all capital investment required to upgrade the facilities is financed over appropriate PPU's consistent with Local Finance Law. "Interest Expense" is the aggregate finance charge associated with this financing. NOTE: This expense will be mitigated to the extent the capital is funded with County funds, rather than outside debt. Only the interest costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital may be financed over 30 years. The following rates were assumed: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with borrowing assumptions of the Multi-Year Financial Plan 2003-2006). The detailed capital estimates by Advocate Consulting are provided in the Appendix.

<sup>4</sup> "Reimburs" is an estimate of the portion of the expenses to be reimbursed from various Federal and State HHS programs, based on the following percentages of the Gross Costs less the Interest Expenses (which do not qualify for reimbursement according to HHS): Base Case – 40%; 3A – 37%; 3B – 40%; 3C – 40%. Percentages were determined in consultation with HHS, and are unique to the area and cost assumptions made herein.

<sup>5</sup> "2003-2022 Net Cost" is the sum of 2003-2022 Gross Cost as reduced by the estimated Reimbursable amounts.

## Summary: NPV Costs (2003-2022)

Occupancy Scenario (\$ million except SF)	Gross SF	NET PRESENT VALUE (to Jan 2003, using a 5.5% Discount Rate)			
		Occupancy Costs <sup>1</sup>	Amortized Capital <sup>2</sup>	2003-2022 Gross Cost	Less: Reimburs <sup>3</sup>
Base Case	470,838	\$ 69.2	\$ 44.4	\$ 113.6	TBD
3A: Consolidate in Leased Facility	304,200	\$ 116.1	\$ 35.9	\$ 152.0	TBD
3B: Consolidate in Build-to- Suit Facility on County- Owned Land	304,200	\$ 41.2	\$ 73.4	\$ 114.6	TBD
3C: Split Operations: Intake in Leased Facility, Admin/Flex in Owned	310,200	\$ 89.3	\$ 42.3	\$ 131.6	TBD

<sup>1</sup> "Occupancy Costs" are the total projected cash costs of operating expenses, electricity/utilities, base rent and real estate taxes (if leased), and existing debt service over the 20-year analysis term (January 2003 to December 2022).

<sup>2</sup> "Amortized Capital Cost" is the fully-amortizing debt service cost (principal and interest) associated with the financing of all new capital costs required to upgrade the facilities. Amount represents the pro rata share allocable to HHS functions. Only the costs associated with the 20-year analysis term (January 2003 to December 2022) are shown; some portion of the capital improvements may be financed over 30 years. Assumes all capital investment is financed over appropriate PPU's consistent with Local Finance Law at the following rates: 5.32% for 2003, 6.31% for 2004-2005, and 6.84% thereafter (consistent with the borrowing assumptions of the Multi-Year Financial Plan 2003-2006). The detailed capital estimates by Advocate Consulting are provided in the Appendix.

<sup>3</sup> "Reimburs" is an estimate of the portion of the expenses to be reimbursed from various Federal and State HHS programs.

## VI. Jails

After review and tour of the Nassau County Jails Complex in East Meadow, there were no overriding reasons why such facility should be considered for relocation. Given its size, use and replacement cost of relocating such a facility, it did not seem feasible or advisable to consider the Jails for any type of move.

The resulting conclusion, then, is for Nassau County to investigate ways to use the Jails space more efficiently, especially any currently vacant areas. Nassau County should prepare an inventory of the currently vacant spaces, and evaluate their compatibility for other stand-alone County uses, such as OEM or County-based storage requirements like voting machine storage.



## VII. Courts

After review and tour of the Nassau County Courts Complex in Garden City, including County Court, Supreme Court, and Matrimonial Court, it did not seem feasible or advisable to consider the Courts complex for any type of major move or restructuring. What was apparent, however, was deteriorated condition of much of the space, and of the Family Court complex in Westbury at 1200 Old Country Road.

A possible consolidation of the Family Court into the core Courts complex would be the most attractive scenario for both improving the courts space for Family Court, and for creating a centralized County courts complex.

Any such relocation decision must necessarily be made with the cooperation and participation of the NYS Office of Court Administration (“OCA”). Representatives from Insignia/ESG and Nassau County’s Department of Real Estate Planning and Development have had preliminary meetings with the OCA, and it has generally been positive and supportive of the prospects of such a relocation/consolidation. Ricci & Associates, an architectural firm that has done work previously for Nassau County with respect to a Courts Master Plan, is developing a plan for a new Family Court facility.

The consolidation program itself could take several forms:

- Expand the existing County Court building to the east and west, thereby establishing a connection to the two “wings” at 252 and 272 Old Country Road. Such facility, if large enough, might also be able to accommodate a relocation of Matrimonial Court from 400 County Seat Drive. If completed in conjunction with the relocation of the Board of Elections office and voting machine storage requirements, such an action would allow 400 County Seat Drive to be come a disposition candidate.
- Relocate the Board of Elections office and voting machine storage requirements from 400 County Seat Drive, and relocate the Family Court requirement into that newly vacated space. This action would create a Family and Matrimonial Courts complex, and a three-building Courts “campus” with the County Court and Supreme Court.